AMENDED AND RESTATED MASTER LEASE

THIS **AMENDED AND RESTATED MASTER LEASE** (this "**Lease**") is entered into as of February 11, 2019, by and between **CTR PARTNERSHIP, L.P.**, a Delaware limited partnership ("**Landlord**"), and **COVENANT CARE MASTER WEST, LLC,** a California limited liability company ("**Tenant**").

R E C I T A L S

A. Landlord desires to lease the Premises to Tenant and Tenant desires to lease the Premises from Landlord upon the terms set forth in this Lease.

B. Pursuant to that certain Guaranty of Master Lease dated of even date herewith (as amended, supplemented or otherwise modified from time to time, the "**Guaranty**"), Covenant Care, LLC a Delaware limited liability company (such guarantor, together with his/her/its successors and assigns, are herein referred to, individually and collectively, as "**Guarantor**"), has agreed to guaranty the obligations of each of the entities comprising Tenant under this Lease.

C. A list of the Facilities covered by this Lease is attached hereto as Schedule 1.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
MASTER LEASE; DEFINITIONS; PREMISES; TERM

1.1 Amendment and Restatement; Antecedent Leases. Landlord (as successor-by-assignment to Arbor Place, a California general partnership) and Covenant Care Lodi, LLC, a California limited liability company ("**Original Tenant**") are parties to that certain Lease (Arbor Place) dated August 1, 2009 (the "**Original Lease**"); Landlord (as successor-by-assignment to Lodi Skilled Nursing Facility, a California limited partnership) and Original Tenant are parties to that certain Lease (Arbor Convalescent Center) dated August 1, 2009 (the "**Arbor Convalescent Lease**"); and Landlord (as successor-by-assignment to Turlock Convalescent Hospital, a California limited partnership) and Covenant Care California, LLC, a California limited liability company (in such capacity, "**Turlock Tenant**" and together with Original Tenant, "**Antecedent Lease Tenants**") are parties to that certain Lease (Turlock Residential Care Facility/Turlock Convalescent Hospital) dated March 16, 2009 (the "**Turlock Lease**") (the Original Lease, Arbor Convalescent Lease, and Turlock Lease being collectively referred to herein as, the "**Antecedent Leases**"). The Facilities to which the Antecedent Leases apply are referred to on Schedule 1 attached hereto as the "**Existing Facilities**". This Lease amends and restates the Antecedent Leases in their entirety and shall govern and control as to all events, acts, omissions, liabilities and obligations first occurring, arising or accruing from and after the Commencement Date. With respect to the Existing Facilities, and notwithstanding anything in this Lease to the contrary: (i) the Antecedent Leases, and not this Lease, shall govern the obligations and liabilities of Landlord and the Antecedent Lease Tenants in connection with those events, acts, or liabilities relating to the period prior to the Commencement Date, and (ii) the Antecedent Lease Tenants shall, following the Commencement Date, remain liable for any claims, liabilities or obligations that on their terms survive the termination of the Antecedent Leases, including any indemnity obligations thereunder. For the avoidance of doubt, in no event shall a default under any Antecedent Lease be deemed a default under this Lease unless: (a) such default continues to exist from and after the Commencement Date, and (b) such default also constitutes an Event of Default under this Lease. Any amounts of Security Deposit held by Landlord as of the Commencement Date with respect to an Antecedent Lease as set forth in Schedule 1 hereto shall continue

to be held by Landlord as deposits under this Lease and applied to Tenant's Security Deposit obligations under this Lease.

1.2 Recognition of Master Lease; Irrevocable Waiver of Certain Rights.

Tenant and Landlord each acknowledges and agrees that this Lease constitutes a single, indivisible lease of the entire Premises, and the Premises constitutes a single economic unit. The Base Rent, Additional Rent, other amounts payable hereunder and all other provisions contained herein have been negotiated and agreed upon based on the intent to lease the entirety of the Premises as a single and inseparable transaction, and such Base Rent, Additional Rent, other amounts and other provisions would have been materially different had the parties intended to enter into separate leases or a divisible lease. Any Event of Default under this Lease shall constitute an Event of Default as to the entire Premises. Each of the individuals and/or entities comprising Tenant and Guarantor, in order to induce Landlord to enter into this Lease, to the extent permitted by law:

(a) Agrees, acknowledges and is forever estopped from asserting to the contrary that the statements set forth in the foregoing paragraph are true, correct and complete;

(b) Agrees, acknowledges and is forever estopped from asserting to the contrary that this Lease is a new and de novo lease, separate and distinct from any other lease between any of the entities comprising Tenant and any of the entities comprising Landlord that may have existed prior to the date hereof;

(c) Agrees, acknowledges and is forever estopped from asserting to the contrary that this Lease is a single lease pursuant to which the collective Premises are demised as a whole to Tenant;

(d) Agrees, acknowledges and is forever estopped from asserting to the contrary that if, notwithstanding the provisions of this Section, this Lease were to be determined or found to be in any proceeding, action or arbitration under state or federal bankruptcy, insolvency, debtor-relief or other applicable laws to constitute multiple leases demising multiple properties, such multiple leases could not, by the debtor, trustee, or any other party, be selectively or individually assumed, rejected or assigned; and

(e) Forever knowingly waives and relinquishes any and all rights under or benefits of the provisions of the Federal Bankruptcy Code Section 365 (11 U.S.C. § 365), or any successor or replacement thereof or any analogous state law, to selectively or individually assume, reject or assign the multiple leases comprising this Lease following a determination or finding in the nature of that described in the foregoing Section 1.2(d).

1.3 Definitions. Certain initially-capitalized terms used in this Lease are defined in Exhibit A. All accounting terms not otherwise defined in this Lease have the meanings assigned to them in accordance with GAAP.

1.4 Lease of Premises; Ownership.

1.4.1 Upon the terms and subject to the conditions set forth in this Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord all of Landlord's rights and interest in and to the Premises.

1.4.2 Tenant acknowledges that the Premises are the property of Landlord and that Tenant has only the right to the possession and use of the Premises upon and subject to the terms and conditions of this Lease. Tenant will not, at any time during the Term, take any position, whether in any tax return, public filing, contractual arrangement, financial statement or otherwise, other than that Landlord is the owner of the Premises for federal, state and local income tax purposes and that this Lease is a "true lease".

1.5 **Term**. The initial term of this Lease (the "**Initial Term**") shall be for the period commencing as of February 11, 2019 (the "**Commencement Date**") and expiring at 11:59 p.m. on the fifteenth (15th) anniversary of either (i) the date preceding the Commencement Date (if the Commencement Date is the first day of a calendar month) or (ii) the last day of the calendar month in which the fifteenth (15th) anniversary of the Commencement Date occurs (if the Commencement Date is a day other than the first day of a calendar month) (whether determined pursuant to clause (i) or (ii), the "**Initial Expiration Date**"). The term of this Lease may be extended for two (2) separate terms of five (5) years each (each, an "**Extension Term**") if: (a) at least nine (9), but not more than eighteen (18) months prior to the end of the then current Term, Tenant delivers to Landlord a written notice (an "**Extension Notice**") that it desires to exercise its right to extend the Term for one (1) Extension Term; and (b) no material Event of Default shall have occurred and be continuing on the date Landlord receives the Extension Notice or on the last day of the then current Term. During any such Extension Term, except as otherwise specifically provided for herein, all of the terms and conditions of this Lease shall remain in full force and effect. Once delivered to Landlord, an Extension Notice shall be irrevocable.

1.6 **Net Lease**. This Lease is intended to be and shall be construed as an absolutely net lease, commonly referred to as a "net, net, net" or "triple net" lease, pursuant to which Landlord shall not, under any circumstances or conditions, whether presently existing or hereafter arising, and whether foreseen or unforeseen by the parties, be required to make any payment or expenditure of any kind whatsoever or be under any other obligation or liability whatsoever, except as expressly set forth herein, in connection with the Premises. All Rent payments shall be absolutely net to Landlord, free of all Impositions, utility charges, operating expenses, insurance premiums or any other charges or expenses in connection with the Premises, all of which shall be paid by Tenant.

ARTICLE II
RENT

2.1 **Base Rent**.

2.1.1 During the Term, Tenant will pay to Landlord as base rent hereunder (the "**Base Rent**"), an annual amount equal to [redacted]. Notwithstanding the foregoing, on the first day of the second (2nd) Lease Year and the first day of each Lease Year thereafter during the Term (including, without limitation, any Extension Term), the Base Rent shall increase (but never decrease) to an annual amount equal to the sum of (a) the Base Rent for the immediately preceding Lease Year, and (b) the Base Rent for the immediately preceding Lease Year multiplied by the lesser of (i) [redacted] or (ii) [redacted]. The Base Rent shall be payable in advance in twelve (12) equal monthly installments on or before the first (1st) Business Day of each calendar month; provided, however, the Base Rent attributable to the first (1st) full calendar month of the Term and the calendar month in which the Commencement Date occurs, which may be a partial month, shall be payable on the Commencement Date. Notwithstanding anything herein to the contrary, Base Rent shall be adjusted pursuant to Section 7.7.

2.1.2 Notwithstanding anything in Section 2.1.1 to the contrary, the Base Rent for the first Lease Year of each Extension Term shall be reset and expressed as an annual amount equal to the

sum of (a) the Base Rent for the immediately preceding Lease Year, and (b) the Base Rent for the immediately preceding Lease Year multiplied by the lesser of (i) [redacted] or (ii) t[redacted]. On the first day of the second (2nd) Lease Year of any Extension Term and the first day of each Lease Year thereafter during such Extension Term, the Base Rent shall increase, but never decrease, to an annual amount equal to the sum of (1) the Base Rent for the immediately preceding Lease Year, and (2) the Base Rent for the immediately preceding Lease Year multiplied by the lesser of (x) [redacted] or (y) [redacted].

2.1.3 On or before the date that is six (6) months from the Commencement Date, Landlord shall have the right to deliver written notice to Tenant (the "**Downey Notice**") to cause a termination of this Lease with respect to the Facility located in Downey, California (the "**Downey Facility**") and to cause the operations at the Downey Facility to be transferred and transitioned (the "**Downey Operations Transfer**") to a new operator designated by Landlord in its sole and absolute discretion (the "**Downey Transferee**"). Tenant agrees to cooperate, and to cause the Tenant Sublessee applicable to the Downey Facility (the "**Downey Operator**") to cooperate with Landlord and Downey Transferee in connection with the Downey Operations Transfer pursuant to the provisions of this Lease and pursuant to the terms set forth in the Downey OTA (as defined below). In connection Landlord's delivery of the Downey Notice to Tenant, the following shall apply:

(a) Within fifteen (15) days following delivery of the Downey Notice to Tenant, Tenant shall cause Downey Operator to: (i) enter into an Operations Transfer Agreement with Downey Transferee in substantially the form attached as Exhibit F to this Lease (the "**Downey OTA**"), and (ii) enter into an Interim Sublease and Interim Management Agreement with Downey Transferee (or its designee, as applicable) substantially in the forms attached to this Lease as Exhibit G (collectively, the "**Interim Documents**"), which Interim Documents shall be effective on the Downey Transfer Date (as defined below).

(b) Effective on the first (1st) day of the calendar month that is at least twenty-one (21) days following the date on which the Downey Notice was delivered (the "**Downey Transfer Date**") the Downey Operations Transfer shall occur pursuant to the terms and conditions set forth in the Downey OTA and the Interim Documents.

(c) On and subject to the terms and conditions set forth herein, Landlord and Tenant hereby agree that the Lease shall be deemed cancelled and terminated with respect to the Downey Facility on and as of 11:59 p.m. on the Downey Transfer Date. This Lease shall have no force or effect from and after the Downey Transfer Date with respect to the Downey Facility except for obligations of indemnification set forth herein with respect to any claims or liabilities brought by any unaffiliated third party with respect to acts or omissions arising on or prior to the Downey Transfer Date. As of the Downey Transfer Date, the Downey Facility shall be deemed released from this Lease, and any applicable exhibits and schedules to this Lease shall be deemed amended to remove all references to the Land associated with the Downey Facility and the address and description associated with the Downey Facility, respectively. As needed, this Lease shall be deemed amended *mutatis mutandis* to give effect to the foregoing release of the Downey Facility from this Lease and to release therefrom any and all rights, duties and obligations, including, without limitation, rights of occupancy and use and duties and obligations for rent and other payments, solely with respect to the Downey Facility, on and as of 11:59 p.m. on the Downey Transfer Date.

(d) As of the Downey Transfer Date, the annual Base Rent payable under this Lease shall equal [redacted]. Provided no Event of Default has occurred and is continuing, within thirty (30)

days following the Downey Transfer Date, Landlord shall cause to be returned to Tenant a portion of the Security Deposit equal to [redacted].

(e) Within one (1) Business Day following the Downey Transfer Date, Landlord shall cause to be filed with the state of California a UCC-3 financing statement amendment, in a form reasonably approved by Tenant, amending the UCC Financing Statement (defined below) to release from the Lease Collateral all Property Collateral, Accounts Collateral and Authorization Collateral applicable to the Downey Facility. From and after the Downey Transfer Date, Landlord shall execute such other commercially reasonable documents as may be requested by Tenant to further evidence the release of the Property Collateral, Accounts Collateral and Authorization Collateral applicable to the Downey Facility from the Lease Collateral.

2.2 Additional Rent. In addition to the Base Rent, Tenant shall also pay and discharge as and when due and payable all other amounts, liabilities and obligations which Tenant assumes or agrees to pay under this Lease. In the event of any failure on the part of Tenant to pay any of those items referred to in the previous sentence, Tenant will also promptly pay and discharge every fine, penalty, interest and cost which may be added for non-payment or late payment of the same. Collectively, the items referred to in the first two sentences of this Section 2.2 are referred to as "**Additional Rent**." Except as may otherwise be set forth herein, any costs or expenses paid or incurred by Landlord on behalf of Tenant that constitute Additional Rent shall be reimbursed by Tenant to Landlord within twenty (20) days after the presentation by Landlord to Tenant of invoices therefor.

2.3 Method of Payment. All Rent payable hereunder shall be paid in lawful money of the United States of America. Except as may otherwise be specifically set forth herein, Rent shall be prorated as to any partial months at the beginning and end of the Term. Rent to be paid to Landlord shall be paid by electronic funds transfer debit transactions through wire transfer of immediately available funds and shall be initiated by Tenant for settlement on or before the Payment Date pursuant to the wire instructions set forth on Schedule 6 hereto; provided, however, if the Payment Date is not a Business Day, then settlement shall be made on the next succeeding day which is a Business Day. If Landlord directs Tenant in writing to pay any Base Rent to any party other than Landlord, Tenant shall send to Landlord, simultaneously with such payment, a copy of the transmittal letter or invoice and a check whereby such payment is made or such other evidence of payment as Landlord may reasonably require.

2.4 Late Payment of Rent. Tenant hereby acknowledges that the late payment of Rent will cause Landlord to incur costs not contemplated hereunder, the exact amount of which is presently anticipated to be extremely difficult to ascertain. Accordingly, if any installment of Rent other than Additional Rent payable to a Person other than Landlord (or a Facility Mortgagee) shall not be paid within five (5) Business Days of its Payment Date, Tenant shall pay to Landlord, on demand, a late charge equal to the lesser of (a) [redacted] of the amount of such installment or (b) [redacted]. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. The parties further agree that such late charge is Rent and not interest and such assessment does not constitute a lender or borrower/creditor relationship between Landlord and Tenant. In addition, if any installment of Rent other than Additional Rent payable to a Person other than Landlord (or a Facility Mortgagee) shall not be paid within ten (10) days after its Payment Date, the amount unpaid, including any late charges, shall bear interest at the Agreed Rate compounded monthly from such Payment Date to the date of payment thereof, and Tenant shall pay such interest to Landlord on demand. The payment of such late charge or such interest shall neither constitute waiver of nor excuse or cure any default under this Lease, nor prevent Landlord from exercising any other rights and remedies available to Landlord.

2.5 **Guaranty**. Tenant's obligations under this Lease are guaranteed by the Guarantor under the Guaranty.

ARTICLE III
SECURITY DEPOSIT; LETTER OF CREDIT

3.1 **Security Deposit**. Tenant shall pay to Landlord upon the execution and delivery of this Lease an amount equal to [redacted] payments of Base Rent as of the Commencement Date (subject to increase as described in this Section 3.1) as security (the "**Security Deposit**") for the full and faithful performance by Tenant of each and every term, provision, covenant and condition of this Lease.

3.1.1 The Security Deposit shall not be deemed an advance payment of Rent or a measure of Landlord's damages for any default under this Lease by Tenant, nor shall it be a bar or defense to any action that Landlord may at any time commence against Tenant. The Security Deposit shall be the property of Landlord and it may commingle the Security Deposit with other assets of Landlord, and Tenant shall not be entitled to any interest on the Security Deposit.

3.1.2 Upon the occurrence and during the continuance of any Event of Default, Landlord, at its option and in such order as Landlord in its sole discretion may determine, may apply the Security Deposit to any (a) obligation of Tenant under this Lease, or (b) Losses that Landlord may incur in connection with, or related to, this Lease, or any Event of Default under this Lease, whether such obligation or Loss accrues before or after the Event of Default.

3.1.3 If Landlord sells or transfers the Premises or Landlord ceases to have an interest in the Premises, Landlord may remit any unapplied part of the Security Deposit (or transfer the Letter of Credit if the LC Election has been made) to the successor owner of the Premises, and from and after such payment or transfer, Landlord shall be relieved of all liability with respect thereto. In the case of any partial transfer or cessation, Landlord may transfer such portion of the Security Deposit as Landlord allocates to such part of the Premises, in its reasonable discretion.

3.1.4 If Landlord applies the Security Deposit (or any portion thereof), Tenant shall replenish the Security Deposit in full within five (5) Business Days after demand by Landlord, by paying to Landlord the amount of the Security Deposit as so applied.

3.1.5 Upon the occurrence of an Event of Default, Landlord, at its option (to be exercised in its sole and absolute discretion) and by delivery of written notice (each, a "**Section 3.1.5 Notice**"), may require Tenant, in connection with such Event of Default (the "**Forbearance Event of Default**"), to deposit with Landlord cash in the amount necessary to make the Security Deposit equal to [redacted] installments of Base Rent (said additional amount, the "**Section 3.1.5 Deposit**"). If Landlord elects to deliver to Tenant a Section 3.1.5 Notice, the following terms and conditions shall apply:

(a) Landlord's delivery to Tenant of a Section 3.1.5 Notice shall be deemed an election by Landlord (for the purpose of providing additional time for Tenant to cure the Forbearance Event of Default) to temporarily refrain and forbear from exercising and enforcing its rights and remedies under this Lease with respect to the Forbearance Event of Default for a period not to exceed sixty (60) days following delivery of the Section 3.1.5 Notice; provided, however, that if the applicable Forbearance Event of Default cannot with due diligence be cured within said sixty (60) day period, then so long as Tenant commences the cure (or causes the cure to be commenced) within such sixty (60) day period and proceeds promptly and with due diligence to cure the Forbearance Event of Default, then said sixty (60) day cure period shall be

extended as reasonably necessary to provide Tenant sufficient time to complete such cure but in no event to exceed one hundred twenty (120) days following delivery of the Section 3.1.5 Notice.

(b) Tenant shall deposit such Section 3.1.5 Deposit with Landlord within five (5) Business Days after delivery of a Section 3.1.5 Notice.

(c) Notwithstanding anything in this Section 3.1.5 to the contrary, Landlord shall have no obligation to refrain or forbear (or to continue to refrain or forbear) from exercising or enforcing any of Landlord's rights or remedies under this Lease in connection with the Forbearance Event of Default, and shall be free to apply the Section 3.1.5 Deposit in a manner consistent with the Security Deposit as set forth in Section 3.1.2 of this Lease, if any of the following occur: (i) Tenant does not timely deposit the Section 3.1.5 Deposit with Landlord, (ii) Tenant fails to cause the Forbearance Event of Default to be cured within the cure period provided for in Section 3.1.5(a) above, or (iii) during the cure period provided for in Section 3.1.5(a) above, there occurs an Event of Default under this Lease other than the Forbearance Event of Default.

(d) Within ten (10) Business Days following the date on which Tenant has cured (or caused to be cured) the applicable Forbearance Event of Default in a manner reasonably satisfactory to Landlord, Landlord will cause the Section 3.1.5 Deposit to be returned to Tenant.

3.1.6 If no Event of Default has occurred and is continuing under this Lease and Tenant has fully performed and satisfied all of its obligations under this Lease, then Landlord shall pay the Security Deposit, or remaining unapplied portion thereof, to Tenant within thirty (30) days after the expiration or earlier termination of this Lease and the surrender of the Premises to Landlord in accordance with the terms of this Lease.

3.2 **Letter of Credit**. Concurrently with the commencement of this Lease, Tenant may elect (such election, the "**LC Election**"), instead of a cash Security Deposit, to deposit with Landlord and maintain during the Term and for thirty (30) days after the Expiration Date, a Letter of Credit in an undrawn face amount equal to [redacted] payments of Base Rent (the "**LC Amount**") as partial collateral for Tenant's obligations under this Lease. All costs and expenses incurred by Landlord in connection with the LC Election shall be paid by Tenant. During any period in which the LC Election has been made, the following provisions shall apply:

3.2.1 Upon the occurrence and during the continuance of an Event of Default, Landlord may, but shall not be required to, draw upon the Letter of Credit (in whole or in part) and apply the cash proceeds thereof to the obligations due from Tenant under this Lease and to compensate Landlord for the damages suffered or incurred by it in connection with such Event of Default (or any other Event of Default). Any amount drawn by Landlord shall not be deemed: (a) to fix or determine the amounts to which Landlord is entitled to recover under this Lease or otherwise; (b) to waive or cure any default under this Lease; or (c) to limit or waive Landlord's right to pursue any remedies provided for in this Lease.

3.2.2 Any increase in the amount of the Security Deposit pursuant to the terms of this Lease, automatically and correspondingly increases the LC Amount. Within five (5) Business Days after any such increase in the LC Amount, Tenant shall deposit with Landlord a replacement or supplementary Letter of Credit such that at all times during the Term of this Lease and for thirty (30) days after the Expiration Date, Landlord shall be holding one or more Letters of Credit totaling, in the aggregate, the LC Amount (as so increased). Tenant covenants as follows: (a) on or before thirty (30) days prior to the expiration date of the then issued and outstanding Letter of Credit, Tenant shall deposit with Landlord a

replacement Letter of Credit in the LC Amount; (b) if all or any portion of the Letter of Credit is drawn against by Landlord, Tenant shall, within ten (10) Business Days after demand by Landlord, deposit with Landlord a replacement or supplementary Letter of Credit such that at all times during the term of this Lease and for thirty (30) days after the Expiration Date, Landlord shall have the ability to draw on one or more Letters of Credit totaling, in the aggregate, the LC Amount; and (c) following an Issuer Revocation, Tenant shall obtain a replacement Letter of Credit in the LC Amount from another Issuer within fifteen (15) days of Landlord's written demand therefor. If Tenant fails to timely perform any of the foregoing, then in addition to any other rights and remedies available under this Lease, Landlord may immediately draw upon the full amount of the then issued and outstanding Letter of Credit.

3.2.3 Upon the issuance of a replacement Letter of Credit, Landlord shall have the right, upon the occurrence of an Event of Default, to draw solely on such replacement Letter of Credit and Landlord shall have no right to draw against the Letter of Credit which is replaced by such replacement Letter of Credit.

3.2.4 Tenant shall have the right to deposit with Landlord one or more Letters of Credit to satisfy the requirements of this Section 3.2, so long as the aggregate undrawn face amount of all issued and outstanding Letters of Credit equal the LC Amount.

3.2.5 Within five (5) Business Days after receipt of any written demand by Landlord, Tenant shall produce to Landlord (a) evidence satisfactory to Landlord, in the exercise of its commercially reasonable judgment, that Issuer is then in compliance with the Issuer Standards, and (b) such other information concerning Issuer as Landlord may reasonably request.

3.2.6 If Landlord draws on a Letter of Credit, the cash proceeds thereof not used to compensate Landlord for amounts due to Landlord under this Lease by reason of an Event of Default shall be held by Landlord as an additional security deposit under this Lease and Landlord may, from time to time, without prejudice to any other right or remedy, apply such cash proceeds to the obligations due from Tenant under this Lease and to compensate Landlord for the damages suffered or incurred by it in connection with such Event of Default (or any other Event of Default). The holding of such cash proceeds by Landlord shall not limit or stay Tenant's obligation hereunder to cause to be issued a Letter of Credit in the LC Amount. Absent an Event of Default (except an Event a Default that would be fully cured by the posting of a Letter of Credit in the LC Amount), upon Landlord's receipt of a Letter of Credit in the LC Amount, any such cash proceeds then held by Landlord shall be promptly returned to Tenant. If requested by Tenant, Landlord shall make such cash proceeds available to collateralize a replacement Letter of Credit or supplemental Letter of Credit pursuant to a written agreement with the applicable Issuer, whereby Landlord shall agree to disburse such cash proceeds to the applicable Issuer upon such Issuer's irrevocable and unconditional commitment to issue the applicable replacement Letter of Credit or supplemental Letter of Credit upon its receipt of such cash proceeds. Notwithstanding the foregoing, Landlord shall not be required to make such cash proceeds available if an Event of Default then exists and is continuing. If no Event of Default has occurred and is continuing under this Lease as of the Expiration Date, any cash proceeds then held by Landlord shall be returned to Tenant within thirty (30) days following the Expiration Date.

ARTICLE IV
IMPOSITIONS AND OTHER CHARGES

4.1 Impositions.

4.1.1 Subject to Section 4.5, Tenant shall pay all Impositions attributable to a tax period, or portion thereof, occurring during the Term (irrespective of whether the Impositions for such tax

period are due and payable after the Term), when due and before any fine, penalty, premium, interest or other cost may be added for non-payment. Where feasible, such payments shall be made directly to the taxing authorities. If any such Imposition may, at the option of the taxpayer, lawfully be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay same (and any accrued interest on the unpaid balance of such Imposition) in installments (provided no such installments shall extend beyond the Term) and, in such event, shall pay such installments during the Term before any fine, penalty, premium, further interest or cost may be added thereto. Tenant shall deliver to Landlord, not less than five (5) Business Days following the date on which such Imposition becomes delinquent, copies of the invoice for such Imposition, the check delivered for payment thereof and an original receipt evidencing such payment or other proof of payment reasonably satisfactory to Landlord.

4.1.2 Notwithstanding Section 4.1.1 to the contrary, with respect to those Impositions that Landlord is required by Legal Requirements to remit directly to the applicable taxing authority, if any, Landlord shall pay such Impositions directly to such taxing authority and within ten (10) Business Days of Landlord delivering to Tenant written notice and evidence of such payment, Tenant shall reimburse Landlord for such paid Impositions. Landlord and Tenant shall, upon request of the other, promptly provide such data as is maintained by the party to whom the request is made with respect to any Facility as may be necessary to prepare any required returns and reports.

4.1.3 Tenant may, upon notice to Landlord, at Tenant's option and at Tenant's sole cost and expense, protest, appeal or institute such other proceedings as Tenant may deem appropriate to effect a reduction of real estate or personal property assessments and Landlord, at Tenant's expense, shall reasonably cooperate with Tenant in such protest, appeal or other action; provided, however, that upon Landlord's request in connection with any such protest or appeal, Tenant shall post an adequate bond or deposit reasonably sufficient sums with Landlord to insure payment of any such real estate or personal property assessments during the pendency of any such protest or appeal.

4.1.4 Landlord or Landlord's designee shall use reasonable efforts to give prompt written notice to Tenant of all Impositions payable by Tenant hereunder of which Landlord at any time has knowledge, provided, however, that any failure by Landlord to provide such notice to Tenant shall in no way relieve Tenant of its obligation to timely pay the Impositions.

4.1.5 Impositions imposed or assessed in respect of the tax-fiscal period during which the Term terminates shall be adjusted and prorated between Landlord and Tenant, whether or not such Imposition is imposed or assessed before or after such termination, and Tenant's obligation to pay its prorated share thereof shall survive such termination.

4.2 **Utilities; CC&Rs**. Tenant shall pay any and all charges for electricity, power, gas, oil, water and other utilities used in connection with each Facility during the Term. Tenant shall also pay all documented costs and expenses of any kind whatsoever which may be imposed against Landlord during the Term by reason of any of the covenants, conditions and/or restrictions affecting any Facility or any portion thereof, or with respect to easements, licenses or other rights over, across or with respect to any adjacent or other property which benefits any Facility, including any and all documented costs and expenses associated with any utility, drainage and parking easements. If Landlord is billed directly for any of the foregoing costs, Landlord shall send Tenant the bill and Tenant shall pay the same before it is due.

4.3 **Insurance**. Tenant shall pay or cause to be paid all premiums for the insurance coverage required to be maintained by Tenant under this Lease.

4.4 **Other Charges**. Tenant shall pay all other amounts, liabilities, obligations, costs and expenses paid or incurred with respect to the ownership, repair, replacement, restoration, maintenance and operation of each Facility.

4.5 **Real Property Impositions**.

4.5.1 Upon the occurrence and during the continuance of an Event of Default, Tenant shall, upon receipt of written demand by Landlord, include with each payment of Base Rent a sum equal to [redacted] of the amount required to discharge the annual amount of Real Property Impositions and [redacted] of the amount required to discharge the annual amount of Quality Assurance Fees. Notwithstanding the foregoing, in the event more than one (1) Event of Default occurs during any rolling twenty-four (24) month during the Term, Tenant shall, commencing upon the first (1st) Business Day of the calendar month following receipt of written notice from Landlord, and continuing for the remainder of the Term, include with each monthly payment of Base Rent a sum equal to [redacted] of the amount required to discharge the annual amount of Real Property Impositions and [redacted] of the amount required to discharge the annual amount of Quality Assurance Fees. During any period in which Tenant is required to deposit amounts with Landlord pursuant to this Section 4.5.1: (i) Landlord may, at its option, require that any particular deposit be greater than [redacted] of the estimated annual Real Property Impositions if necessary, in Landlord's reasonable judgment, to provide a sufficient fund from which to make payment of such Real Property Impositions on or before the next due date of any installment thereof, and (ii) Landlord may change its estimate of any Real Property Imposition for any period on the basis of an actual, pending, or threatened (in writing) change in an assessment or tax rate or for any other good faith reason. In such event, Tenant shall deposit with Landlord the amount in excess of the sums previously deposited with Landlord for the applicable period within ten (10) days after Landlord's request therefor. If at any time within thirty (30) days before the due date of any Real Property Imposition or Quality Assurance Fees, the deposits are insufficient for the payment in full of the obligation for which the deposits are being held, Tenant shall remit the amount of the deficiency to Landlord within ten (10) days after written demand from Landlord. If Landlord elects to require Tenant to impound Real Property Impositions hereunder, Tenant shall, as soon as they are received, deliver to Landlord copies of all written notices, demands, claims, bills and receipts in relation to the Real Property Impositions and Quality Assurance Fees.

4.5.2 The sums deposited by Tenant under Section 4.5 shall be held by Landlord, shall not bear interest nor be held by Landlord in trust or as an agent of Tenant, and may be commingled with the other assets of Landlord. Provided no Event of Default then exists under this Lease and is continuing, and provided that Tenant has timely delivered to Landlord copies of any bills, claims or notices that Tenant has received, the sums deposited by Tenant under this Section 4.5 shall be used by Landlord to pay Real Property Impositions as the same become due. Upon the occurrence and during the continuance of any Event of Default, Landlord may apply any funds held by it under this Section 4.5 to cure such Event of Default or on account of any damages suffered or incurred by Landlord in connection therewith or to any other obligations of Tenant arising under this Lease, in such order as Landlord in its discretion may determine. Any amounts of impounds for Real Property Impositions held by Landlord as of the Commencement Date with respect to an Antecedent Lease shall continue to be held by Landlord as deposits pursuant to the terms of this Section 4.5 and applied to Tenant's obligation to pay all Real Property Impositions as set forth under this Lease. If Landlord elects to require Tenant to impound Real Property Impositions hereunder, then upon Tenant's written request, which may be made within fifteen (15) days after the expiration of each calendar year, Landlord shall, within thirty (30) days after receipt of Tenant's request, provide Tenant with an accounting showing all credits and debits to and from such impounded funds for Real Estate Impositions received by Landlord from Tenant for the prior calendar year.

4.5.3 If Landlord transfers this Lease, it shall transfer all amounts then held by it under this Section 4.5 to the transferee, and Landlord shall thereafter have no liability of any kind with respect thereto. As of the Expiration Date, any sums held by Landlord under this Section 4.5 shall be promptly returned to Tenant, only as and when the conditions of Section 3.1, or if the LC Election has been made, Section 3.2, for the return of the Security Deposit or, as applicable, Letter of Credit have been met and provided that any and all Real Property Impositions due and owing hereunder have been paid in full.

4.5.4 Notwithstanding anything herein which may be construed to the contrary, Landlord shall have no liability to Tenant for failing to pay any Real Property Impositions to the extent that: (a) any Event of Default has occurred and is continuing, (b) insufficient deposits under this Section 4.5 are held by Landlord at the time such Real Property Impositions become due and payable, or (c) Tenant has failed to provide Landlord with copies of the bills, notices, and claims for such Real Property Impositions as required pursuant to Section 4.5.1.

ARTICLE V
ACCEPTANCE OF PREMISES; NO IMPAIRMENT

5.1 **Acceptance of Premises**. Tenant acknowledges receipt and delivery of possession of the Premises and confirms that Tenant has examined and otherwise has knowledge of the condition of the Premises prior to the execution and delivery of this Lease and has found the same to be in good order and repair, free from Hazardous Materials not in compliance with applicable Hazardous Materials Laws and satisfactory for its purposes hereunder. Regardless, however, of any prior knowledge, examination or inspection made by Tenant and whether or not any patent or latent defect or condition was revealed or discovered thereby, Tenant is leasing the Premises "as is" in its present condition. Tenant waives any claim or action against Landlord in respect of the condition of the Premises including any defects or adverse conditions not discovered or otherwise known by Tenant as of the Commencement Date. TENANT ACKNOWLEDGES AND AGREES THAT (A) IT AND/OR ITS AFFILIATES HAVE OWNED AND OPERATED THE PREMISES PRIOR TO LANDLORD'S ACQUISITION AND LEASE THEREOF TO TENANT; (B) TENANT HAS KNOWLEDGE OF ALL ASPECTS OF THE PREMISES, IMPROVEMENTS THEREON AND OPERATION OF THE FACILITIES; AND (C) LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE PREMISES, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, OR AS TO THE NATURE OR QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY HAZARDOUS MATERIALS, IT BEING AGREED THAT ALL SUCH RISKS, LATENT OR PATENT, ARE TO BE BORNE SOLELY BY TENANT.

5.2 **No Impairment**. The respective obligations of Landlord and Tenant shall not be affected or impaired by reason of (a) any damage to, or destruction of, any Facility, from whatever cause, or any Condemnation of any Facility (except as otherwise expressly and specifically provided in Article XI or Article XII); (b) the interruption or discontinuation of any service or utility servicing any Facility; (c) the lawful or unlawful prohibition of, or restriction upon, Tenant's use of any Facility due to the interference with such use by any Person or eviction by paramount title (other than Landlord, or those claiming by, through or under Landlord (but excluding in all events any such interference, eviction, or other prohibitions or restrictions on Tenant's use of any Facility in connection with Landlord (or those claiming by, through, or under Landlord) exercising Landlord's rights and/or remedies under this Lease)); (d) any claim that Tenant has or might have against Landlord on account of any breach of warranty or default by Landlord under this Lease or any other agreement by which Landlord is bound; (e) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee or transferee of Landlord; (f) any Licensing Impairment; (g) any adverse adjustment to reimbursement rates at any time or for any reason; or (h) for any other

cause whether similar or dissimilar to any of the foregoing. Tenant hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law or equity (x) to modify, surrender or terminate this Lease or quit or surrender any Facility, or (y) that would entitle Tenant to any abatement, reduction, offset, suspension or deferment of Rent. The obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and Rent shall continue to be payable in all events until the termination of this Lease, other than by reason of an Event of Default. Tenant's sole right to recover damages against Landlord under this Lease shall be to prove such damages in a separate action.

ARTICLE VI
OPERATING COVENANTS

Tenant agrees to comply with the following covenants:

6.1 Tenant Personal Property. Tenant shall obtain and install all items of furniture, fixtures, supplies and equipment not included as Landlord Personal Property as shall be necessary or reasonably appropriate to operate each Facility in compliance with this Lease (the "**Tenant Personal Property**").

6.2 Landlord Personal Property. Following the Commencement Date, Landlord may, in its discretion, cause a third-party consultant to prepare and have delivered to Landlord a complete inventory of all furniture, fixtures, equipment and other items of personal property located at the Facilities and which constitute Landlord Personal Property (the "**Landlord Personal Property Report**"). Following receipt by Landlord, Landlord shall cause a copy of such Landlord Personal Property Report to be delivered to Tenant. Tenant shall have a period of thirty (30) days following its receipt of such Landlord Personal Property Report to deliver to Landlord any written objections to the Landlord Personal Property Report. Failure to deliver any such written objections to Landlord on or before the expiration of said 30-day period shall be deemed Tenant's approval of the Landlord Personal Property Report. In the event Tenant timely delivers any written objections to Landlord, Landlord shall, in good faith, submit said written objections to the third-party consultant who prepared the Landlord Personal Property Report and said third party consultant's decision on whether, and to what extent, to amend the Landlord Personal Property Report in connection with such objections, shall be binding**.** Tenant may, from time to time, in Tenant's reasonable discretion, without notice to or approval of Landlord, sell or dispose of any item of the Landlord Personal Property; provided, however, that, unless such item is functionally obsolete, Tenant shall promptly replace such item with an item of similar or superior quality, use and functionality, and any such replacement item shall, for all purposes of this Lease, continue to be treated as part of the "Landlord Personal Property." Tenant shall, promptly upon Landlord's request from time to time, provide such information as Landlord may reasonably request relative to any sales, dispositions or replacements of the Landlord Personal Property pursuant to this Section 6.2 and, within a reasonable time upon Landlord's written request from time to time (a) not to exceed one (1) time in any twelve (12) month period and (b) promptly during the continuance of an Event of Default, shall provide to Landlord with an updated inventory of the Landlord Personal Property.

6.3 Primary Intended Use. During the entire Term, Tenant shall continually use each Facility for its Primary Intended Use (subject to Articles XI and XII) and for no other use or purposes and shall operate each Facility in a manner consistent with the Ordinary Course of Business and employing sound reimbursement principles under all applicable Third Party Payor Programs.

6.4 Compliance with Legal Requirements and Authorizations.

6.4.1 Tenant, at its sole cost and expense, shall promptly (a) comply in all material respects with all Legal Requirements and Insurance Requirements regarding the use, condition and operation of each Facility and the Tenant Personal Property, and (b) procure, maintain and comply in all material respects with all Authorizations. The Authorizations for any Facility shall, to the maximum extent permitted by Legal Requirements, relate and apply exclusively to such Facility, and Tenant acknowledges and agrees that, subject to all applicable Legal Requirements, the Authorizations are appurtenant to the Facilities to which they apply, both during and following the termination or expiration of the Term.

6.4.2 Tenant and the Premises shall comply in all material respects with all licensing and other Legal Requirements applicable to the Premises and the business conducted thereon and, to the extent applicable, all Third Party Payor Program requirements. Further, Tenant shall not commit any act or omission that would in any way violate any certificate of occupancy affecting any Facility, result in closure of the Facility, result in the termination or suspension of Tenant's ability to operate any Facility for its Primary Intended Use or result in the termination, suspension, non-renewal or other limitation of any Authorization, including, but not limited to, the authority to admit residents to any Facility or right to receive reimbursement for items or services provided at any Facility from any Third Party Payor Program.

6.4.3 Tenant shall not:

(a) transfer any Authorizations to any third party, or to any location other than the Facility operated by such Tenant or as otherwise required by the terms of this Lease nor pledge any Authorizations as collateral security for any loan or indebtedness except as required by the terms of this Lease;

(b) rescind, withdraw, revoke, terminate, relinquish, amend, restate, supplement, allow to expire without renewal or otherwise alter the nature, tenor, or scope of any Authorization for any Facility; or

(c) amend or otherwise change, by consent, acquiescence or otherwise, any Facility's (i) bed capacity, or the number or type of beds, authorized by the Authorizations applicable to such Facility, (ii) Authorization's category or type, or (iii) certificate to participate in Third Party Payor Programs, in each case as the same exist on the Commencement Date, or apply for approval of any of the foregoing amendments or changes.

6.4.4 Prior to the Commencement Date, Tenant (or each Tenant Sublessee, as applicable) shall have had issued to it all Required Authorizations. At all times during the Term, Tenant (or each Tenant Sublessee, as applicable) shall be in good standing with respect to all Required Authorizations and all Required Authorizations shall be in full force and effect with respect to the operation of the businesses conducted at each Facility. Tenant hereby represents and warrants to Landlord, that the leasing of the Facilities to Tenant pursuant to this Lease (and the operation thereof by Tenant pursuant to the terms of this Lease) does not require: (i) a change of ownership approval from any Governmental Authority, or (ii) the transfer or assignment of any Medicare Provider Agreements or Medicaid Provider Agreements.

6.5 [redacted]

6.6 Maintenance of Books and Records. Tenant shall keep and maintain, or cause to be kept and maintained, proper and accurate books and records in accordance with GAAP, and a standard modern system of accounting, in all material respects reflecting the financial affairs of Tenant and the results from operations of each Facility, individually and collectively. Landlord shall have the right, from time to time during normal business hours after three (3) Business Days prior oral or written notice to Tenant, itself or through any of Landlord's Representatives, to examine and audit such books and records at the office of Tenant or other Person maintaining such books and records and to make such copies or extracts thereof as Landlord or Landlord's Representatives shall request and Tenant hereby agrees to reasonably cooperate with any such examination or audit at Landlord's cost and expense, except as otherwise set forth in Exhibit D.

6.7 Financial, Management and Regulatory Reports. Tenant shall provide Landlord with the reports listed in Exhibit D within the applicable time specified therein. All financial information provided shall be prepared in accordance with GAAP and shall be submitted electronically using the applicable template approved by Landlord in its reasonable discretion from time to time or, if no such template is provided by Landlord, in the form of unrestricted, unlocked ".xls" spreadsheets created using Microsoft Excel (2003 or newer editions) or in such other form as Landlord may reasonably require from time to time. If Tenant or any Guarantor becomes subject to any reporting requirements of the Securities and Exchange Commission during the Term, it shall concurrently deliver to Landlord such reports as are delivered pursuant to applicable securities laws. In addition to, and without limiting any other remedies which Landlord may have under this Lease, at law, or in equity, Tenant shall be assessed with a [redacted] administrative fee for each instance in which Tenant fails to provide Landlord with the reports listed in Exhibit D within the applicable time specified therein, which administrative fee shall be immediately due and payable to Landlord. Notwithstanding the foregoing, such administrative fee shall not be assessed to

Tenant so long as (a) Tenant is not delinquent in the delivery of such financial reports more than one (1) time in any consecutive twelve (12) month period, and (b) Tenant remits any delinquent report to Landlord within five (5) Business Days of Landlord's written demand therefor.

6.7.1 In addition to the reports required under Section 6.7 above, upon Landlord's request from time to time, Tenant shall provide Landlord with such additional information and unaudited quarterly financial information concerning each Facility, the operations thereof and Tenant and Guarantor as Landlord may reasonably require for purposes of securing financing for the Premises or its ongoing filings with the Securities and Exchange Commission, under both the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, including, but not limited to, 10-Q Quarterly Reports, 10-K Annual Reports and registration statements to be filed by Landlord during the Term, subject to the conditions that neither Tenant nor Guarantor shall be required to disclose information that is subject to the quality assurance immunity or is subject to attorney-client privilege or the attorney work product doctrine.

6.7.2 Tenant specifically agrees that Landlord may include financial information and such information concerning the operation of any Facility which does not violate the confidentiality of the facility-patient relationship and the physician-patient privilege under applicable laws, in connection with: (i) any meetings, conference calls, or other disclosures customarily made by Landlord to its investors, consultants, principals, attorneys and accountants, or (ii) public offerings of Landlord's securities or interests, and (iii) any other reporting requirements under applicable federal or state laws, including those of any successor to Landlord.

6.8 **Estoppel Certificates**. Each party shall, at any time upon not less than ten (10) Business Days prior written request by the other party, have an authorized representative execute, acknowledge and deliver to the requesting party or its designee a written statement certifying (a) that this Lease, together with any specified modifications, is in full force and effect, (b) the dates to which Rent and additional charges have been paid, (c) that no default by either party exists or specifying any such default and (d) as to such other matters as the requesting party may reasonably request.

6.9 **Furnish Information**. Tenant shall promptly notify Landlord of any condition or event that constitutes a material breach of any term, condition, warranty, representation, or provision of this Lease and of any material adverse change in the financial condition of any Tenant or Guarantor and of any Event of Default.

6.10 **Affiliate Transactions**. Except as otherwise disclosed on Schedule 4 attached hereto, no Tenant shall enter into, or be a party to, any transaction with an Affiliate of any Tenant or any of the partners, members or shareholders of any Tenant except in the Ordinary Course of Business and on terms that are fully disclosed to Landlord in advance and are materially no less favorable to any Tenant or such Affiliate than would be obtained in a comparable arm's-length transaction with an unrelated third party.

6.11 **Waste**. No Tenant shall commit or suffer to be committed any waste on any of the Premises, nor shall any Tenant cause or permit any nuisance thereon.

6.12 **Additional Covenants**. Tenant shall satisfy and comply with the following performance covenants throughout the Term:

6.12.1 Except as otherwise set forth herein, it shall be an Event of Default if for two (2) consecutive Testing Dates, Tenant fails to maintain a Portfolio Coverage Ratio equal to or greater than the Minimum Rent Coverage Ratio applicable to the Testing Period applicable to such Testing Date. Notwithstanding the foregoing, Tenant's failure to satisfy the Minimum Rent Coverage Ratio covenant

set forth in the preceding sentence shall not be an Event of Default (and, accordingly, shall not trigger Landlord's right to require a Section 3.1.5 Deposit pursuant to Section 3.1.5) if, within fifteen (15) days following written notice from Landlord, Tenant shall deposit with Landlord the amount that, had such amount been added to the Cash Flow for the applicable Testing Period in question, would have caused the Portfolio Coverage Ratio to equal the Minimum Rent Coverage Ratio applicable for such Testing Period (any such amount deposited with Landlord being referred to as an "**Additional Deposit**"). The Additional Deposit shall be held by Landlord as an additional security deposit under this Lease and Landlord may, from time to time, without prejudice to any other right or remedy, apply such Additional Deposit to the obligations due from Tenant under this Lease. The Additional Deposit shall not be deemed an advance payment of Rent or a measure of Landlord's damages for any default under this Lease by Tenant, nor shall it be a bar or defense to any action that Landlord may at any time commence against Tenant. The Additional Deposit shall be the property of Landlord and it may commingle the Additional Deposit with other assets of Landlord, and Tenant shall not be entitled to any interest on the Additional Deposit. Provided that no Event of Default then exists and is continuing, following the date on which the Portfolio Coverage Ratio for *two (2)* consecutive Testing Periods is greater than or equal to the Minimum Rent Coverage Ratio applicable to such Testing Periods, Landlord will cause the Additional Deposit to be promptly returned to Tenant. Notwithstanding anything herein to the contrary, and notwithstanding Tenant having deposited the Additional Deposit with Landlord pursuant to this Section 6.12.1, it shall be an immediate Event of Default if for four (4) consecutive Testing Periods, Tenant fails to maintain a Portfolio Coverage Ratio equal to or greater than the Minimum Rent Coverage Ratio applicable to such Testing Periods.

6.12.2 At all times, Tenant shall maintain working capital in such an amount satisfactory to support continued licensure of the Facilities. Notwithstanding the foregoing, in the event that any of the Facilities are subleased pursuant to Section 17.6 below, the foregoing requirement shall also apply to each such Tenant Sublessee.

6.12.3 Tenant shall not, directly or indirectly, (i) acquire or enter into any agreement to acquire any assets other than in the Ordinary Course of Business, or (ii) engage or enter into any agreement to engage in any joint venture or partnership with any other Person other than an Affiliate.

6.12.4 Tenant shall not cancel or otherwise forgive or release any material claim or material debt owed to any Tenant by any Person, except for adequate consideration and in the Ordinary Course of Business. If any proceedings are filed seeking to enjoin or otherwise prevent or declare invalid or unlawful Tenant's occupancy, maintenance, or operation of a Facility or any portion thereof for its Primary Intended Use, Tenant shall cause such proceedings to be vigorously contested in good faith, and shall, without limiting the generality of the foregoing, use all reasonable commercial efforts to bring about a favorable and speedy disposition of all such proceedings and any other proceedings.

6.12.5 Reserved.

6.12.6 Tenant covenants that during the Term of this Lease, it shall neither: (i) enter into any management agreement with respect to a Facility without Landlord's approval in its reasonable discretion, or (ii) amend, modify, renew, replace, or otherwise change in any material respect the terms of any existing management agreement for a Facility without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, condition or delay, and, in either case, without a satisfactory subordination by such manager of its right to receive its management fee to the obligation of Tenant to pay the Base Rent and Additional Rent to Landlord.

6.13 **No Liens**. Subject to the provisions of Article VIII relating to permitted contests and excluding the applicable Permitted Encumbrances, Tenant will not directly or indirectly create or allow to

remain and will promptly, but in all events within thirty (30) days after written notice of the existence thereof from Landlord or Tenant otherwise obtaining knowledge of the same, discharge (which discharge may include the filing or recording of any bond permitted or required by applicable law) at its expense any lien, encumbrance, attachment, title retention agreement or claim upon any Facility, this Lease or Tenant's interest in any Facility or any attachment, levy, claim or encumbrance in respect of the Rent.

6.14 Disability Laws. Tenant shall, at its sole cost and expense, ensure that at all times the Premises shall comply in all material respects with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively the "**Access Laws**"). Tenant shall give prompt notice to Landlord of the receipt by Tenant of any written material complaints or notices of noncompliance related to the actual or alleged violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any Access Laws. In the event Tenant receives any written notices of any material violations of any Access Laws from any Governmental Authority, Tenant shall promptly, at Tenant's sole cost and expense, take such actions as necessary to cause Tenant to comply with its obligations under this Section 6.14.

ARTICLE VII
MAINTENANCE AND REPAIR

7.1 Tenant's Maintenance Obligation. Tenant shall (a) keep and maintain each Facility in good appearance, repair and condition, and maintain proper housekeeping, (b) promptly make all repairs (interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen) necessary to keep each Facility in good and lawful order and condition and in compliance in all material respects with all Legal Requirements, Insurance Requirements and Authorizations and to maintain each Facility in a high quality operating and structural condition for use for its Primary Intended Use, and (c) keep and maintain all Landlord Personal Property and Tenant Personal Property in good condition and repair and replace such property consistent with prudent industry practice. All repairs performed by Tenant shall be done in a good and workmanlike manner. Landlord shall under no circumstances be required to repair, replace, build or rebuild any improvements on any Facility, or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to any Facility, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto, or to maintain any Facility in any way. Tenant hereby waives, to the extent permitted by law or any equitable principle, the right to make repairs at the expense of Landlord pursuant to any law currently in effect or hereafter enacted.

7.2 Premises Condition Report. Landlord may from time to time cause a qualified engineer designated by Landlord and reasonably approved by Tenant, to inspect any Facility and issue a report (a "**Premises Condition Report**") with respect to such Facility's condition. Tenant shall, at its own expense, make any and all necessary repairs or replacements that are recommended by such Premises Condition Report that relate to life safety or are otherwise required to be performed by Tenant under Section 7.1 above. Tenant shall pay the cost of any Premises Condition Report ordered by Landlord no more than once per Facility in any eighteen (18) month period, the cost of which shall not exceed [redacted] per report, per Facility.

7.3 Notice of Non-Responsibility. Nothing contained in this Lease and no action or inaction by Landlord shall be construed as (a) constituting the consent or request of Landlord, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration,

addition, repair or demolition of or to any Facility or any part thereof; or (b) giving Tenant any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Landlord in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Landlord in any Facility or any portion thereof. Landlord may post, at Tenant's sole cost, such notices of non-responsibility upon, or of record against, any Facility to prevent the lien of any contractor, subcontractor, laborer, materialman or vendor providing work, services or supplies to Tenant from attaching against such Facility. Tenant agrees to promptly execute and record any such notice of non-responsibility at Tenant's sole cost.

7.4 **Permitted Alterations**. Without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, Tenant shall not make any Capital Alterations or Material Alterations. Tenant may, without Landlord's consent, make any other Alterations provided the same (a) do not decrease the value of the applicable Facility, (b) do not adversely affect the exterior appearance of such Facility and (c) are consistent in terms of style, quality and workmanship to the original Leased Improvements and Fixtures of such Facility, and provided further that the same are constructed and performed in accordance with the following:

7.4.1 Such construction shall not commence until Tenant shall have procured and paid for all municipal and other governmental permits and authorizations required therefor (as well as any permits or approvals required in connection with any Permitted Encumbrance of such Facility); provided, however, that any Plans and Specifications required to be filed in connection with any such permits or authorizations that require the approval of Landlord shall have been so approved by Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed.

7.4.2 During and following completion of such construction, the parking that is located on the Land of such Facility shall remain adequate for the operation of such Facility for its Primary Intended Use and in no event shall such parking be less than what is required by any applicable Legal Requirements.

7.4.3 All work done in connection with such construction shall be done promptly and in a good and workmanlike manner using materials of appropriate grade and quality consistent with the existing materials and in conformity in all material respects with all Legal Requirements.

7.4.4 If, by reason of the construction of any Alteration, a new or revised certificate of occupancy for any component of such Facility is required, Tenant shall obtain such certificate in compliance with all applicable Legal Requirements and furnish a copy of the same to Landlord promptly upon receipt thereof.

7.4.5 Upon completion of any Alteration, Tenant shall promptly deliver to Landlord final lien waivers from each and every general contractor and, with respect to Alterations costing in excess of [redacted], each and every subcontractor that provided goods or services costing in excess of [redacted] in connection with such Alterations indicating that such contractor or subcontractor has been paid in full for such goods or services, together with such other evidence as Landlord may reasonably require to satisfy Landlord that no liens have been or may be created in connection with such Alteration.

7.4.6 At all times before, during and after construction, the Premises complies in all material respects with all Access Laws.

7.5 **Capital and Material Alterations**. If Landlord consents to the making of any Capital Alterations or Material Alterations, Landlord may impose commercially reasonable conditions thereon in connection with its approval thereof. In addition to any such imposed conditions, all such Alterations shall be constructed and performed in accordance with Sections 7.4.1 through 7.4.5 above, together with the following:

7.5.1 Prior to commencing any such Alterations, Tenant shall have submitted to Landlord a written proposal describing in reasonable detail such proposed Alteration and shall provide to Landlord for reasonable approval such plans and specifications, permits, licenses, construction budgets and other information (collectively, the "**Plans and Specifications**") as Landlord shall reasonably request, showing in reasonable detail the scope and nature of the proposed Alteration.

7.5.2 Such construction shall not, and prior to commencement of such construction Tenant's licensed architect or engineer (to the extent the services of a licensed architect or engineer are required in connection with such Alterations) shall certify to Landlord that such construction shall not, impair the structural strength of such Facility or overburden or impair the operating efficiency of the electrical, water, plumbing, HVAC or other building systems of such Facility.

7.5.3 Prior to commencing any such Alterations, Tenant's licensed architect or engineer (to the extent the services of a licensed architect or engineer are required in connection with such Alterations) shall certify to Landlord that the Plans and Specifications conform to and comply in all material respects with all applicable Legal Requirements and Authorizations.

7.5.4 Promptly following the completion of the construction of any such Alterations, Tenant shall deliver to Landlord: (a) "as built" drawings of any such Alterations included therein, if applicable, certified as accurate by the licensed architect or engineer selected by Tenant to supervise such work; and (b) a certificate from Tenant's licensed architect or engineer certifying to Landlord that such Alterations have been completed in compliance in all material respects with the Plans and Specifications and all applicable Legal Requirements.

7.6 **Capital Expenditures**.

7.6.1 With respect to each Facility, Tenant agrees to expend, during each Lease Year, an amount (the "**Required Capital Expenditures Amount**") equal to the product of [redacted] Within forty-five (45) days following the end of each Lease Year, Tenant shall deliver to Landlord a report (a "**Capital Expenditures Report**"), certified as true, correct and complete in all material respects by an officer of Tenant, summarizing and describing in reasonable detail all of the Capital Expenditures made by Tenant during the preceding Lease Year on each Facility, and such receipts and other information as Landlord may reasonably request relative to the Capital Expenditures made by Tenant during the applicable Lease Year. If, with respect to any Facility, the amount of the Capital Expenditures so made and reported by Tenant during a particular Lease Year (the "**Actual Capital Expenditures Amount**") is less than the Required Capital Expenditures Amount applicable to such period, Tenant shall, on or prior to the due date of the Capital Expenditures Report for such period, deposit (herein, a "**Capital Expenditures Deposit**") with Landlord an amount equal to the amount by which the Required Capital Expenditures Amount for the applicable period exceeds the Actual Capital Expenditures Amount for such period. If, with respect to any Facility, the Actual Capital Expenditures Amount so made and reported by Tenant during a particular Lease Year is greater than the Required Capital Expenditures Amount applicable to such period (such difference being referred to herein as the "**Excess Capital Expenditures Amount**"), then, (a) provided

no Event of Default then exists hereunder and is continuing, within ten (10) days after Tenant's presentation of its Capital Expenditures Report reflecting such greater expenditure, subject to reasonable extension if required under the Facility Mortgage Documents, Landlord shall pay to Tenant the lesser of ([redacted], and (b) to the extent that the Excess Capital Expenditures Amount exceeds the amount of funds then held by Landlord as Capital Expenditures Deposits with respect to such Facility, such excess shall be credited against the Required Capital Expenditures Amount for up to [redacted] with respect to such Facility.

7.6.2 Tenant's obligation to deliver the Capital Expenditures Report applicable to the last Lease Year, together with Tenant's obligation to deliver any Capital Expenditures Deposit associated therewith, shall survive the expiration or termination of this Lease. If, on the basis of such Capital Expenditures Report, Tenant is entitled to a payment as described in Section 7.6 above, then, notwithstanding anything to the contrary, such payment shall be due and payable to Tenant only as and when the conditions of Section 3.1, or if the LC Election has been made, Section 3.2, for the return of the Security Deposit or, as applicable, Letter of Credit have been met. Except as provided in the preceding sentence, upon the expiration or termination of this Lease, all Capital Expenditures Deposits held by Landlord (including, without limitation, any Capital Expenditures Deposits that are required to be deposited by Tenant with respect to the last Lease Year) shall automatically and without further action of the parties become the property of Landlord, without any obligation on Landlord's part to credit Tenant in any manner therefor.

7.6.3 The Capital Expenditures Deposits held by Landlord shall not bear interest and may be commingled with the other assets of Landlord. If Landlord transfers this Lease, it shall transfer all Capital Expenditures Deposits then held by it to the transferee, and Landlord shall thereafter have no liability of any kind with respect thereto. Following any Event of Default and at Landlord's option, the Capital Expenditures Deposits held by Landlord may, in its sole discretion, be applied to Tenant's obligations in the order that Landlord in its sole discretion may determine.

7.7 **Improvement Funds**. Subject to the terms and conditions of this Section 7.7, Tenant may, from time to time during the Term, request in writing that Landlord disburse funds ("**Improvement Funds**") in connection with certain proposed Alterations to one or more of the Facilities (each, a "**Proposed Capital Improvement Project**"). Landlord shall have the right, in its sole and absolute discretion, to agree to fund or refuse to fund any Proposed Capital Improvement Project. For the avoidance of doubt, Tenant hereby acknowledges and agrees that Landlord shall have no obligation to disburse any Improvement Funds for any Proposed Capital Improvement Project until Landlord has approved in writing such Proposed Capital Improvement Project, which approval may be granted, withheld, or conditioned in Landlord's sole and absolute discretion. Tenant shall be required to comply with this Section 7.7 in connection with any Proposed Capital Improvement Project. Notwithstanding anything herein to the contrary, any disbursement of Improvement Funds pursuant to this Section 7.7 shall be conditioned upon Tenant maintaining a Portfolio Coverage Ratio of equal to or greater than [redacted] as of the most recent Testing Date prior to the proposed date of the requested disbursement of Improvement Funds.

7.7.1 Before commencing work on any Proposed Capital Improvement Project that Tenant desires to pursue using Improvement Funds, Tenant must submit to Landlord the following in connection with each such Proposed Capital Improvement Project (collectively, the "**Project Information**"):

(a) A written, narrative description of the applicable Proposed Capital Improvement Project, including a detailed summary of project details, the scope of work, a

description of the potential impact on and/or interruption to operations, and a summary of the business rationale for proposing the applicable Proposed Capital Improvement Project. The narrative description shall also summarize Tenant's plans in connection with contracting with any contractors, subcontractors, or vendors for the completion of the Proposed Capital Improvement Project;

(b) To the extent applicable based on the nature of the applicable Proposed Capital Improvement Project, copies of any plans, specifications, schematics and drawings;

(c) A written description of required permitting and approvals, the application process, and timing, for any applicable jurisdictions. The description of required permitting and approvals shall include, without limitation, a description of any authorizations, permits or licenses required from: (i) any state or local regulatory agency or department, and (ii) the local building department or authority;

(d) A project budget for the pursuit, construction and completion of the Proposed Capital Improvement Project. Said project budget shall include, without limitation, capitalized costs of Landlord. Any fees or other payments to be paid to an affiliate of any Tenant in connection with such Proposed Capital Improvement Project shall be identified as such in the proposed budget. Unless otherwise expressly agreed to in writing by Landlord, in no event shall Landlord have any obligation to fund any Improvement Funds in connection with: (i) any work performed by an employee of Tenant (or its affiliate) or by an affiliate of Tenant or (ii) in connection with Tenant's (or its affiliate's) general corporate overhead or corporate expenses;

(e) A project schedule for the commencement and completion of the applicable Proposed Capital Improvement Project, which project schedule should include, without limitation: (i) anticipated time required to complete the Proposed Capital Improvement Project, (ii) estimated start and end dates, and (iii) estimated timing for completion of any significant development or construction milestones (i.e. licensing/permit approval etc.);

(f) Proforma operating financials for the applicable Facility following completion of the applicable Proposed Capital Improvement Project; and

(g) Such other information concerning the Proposed Capital Improvement Project as Landlord may reasonably request.

7.7.2 Landlord shall have thirty (30) days to review each Proposed Capital Improvement Project following Landlord's receipt of the Project Information for such Proposed Capital Improvement Project. Failure of Landlord to respond to Tenant within said thirty (30) day period shall be deemed to constitute rejection of such Proposed Capital Improvement Project. If Landlord, acting in its sole and absolute discretion, approves a Proposed Capital Improvement Project, it shall notify Tenant of such approval in writing, which written approval shall include, without limitation: (i) the maximum amount of Improvement Funds that Landlord is willing to disburse in connection with the applicable Proposed Capital Improvement Project (the "**Project Cap**"), (ii) the outside date: (A) by which the Proposed Capital Improvement Project must be complete and (B) after which Landlord shall no longer be obligated to disburse Improvement Funds in connection with such Proposed Capital Improvement Project. Following delivery of such approval letter, such Proposed Capital Improvement Project shall become an "**Approved Capital Improvement Project**", subject in all events to the terms and conditions of this Lease and the written approval letter. Tenant shall be required to comply with, and its contractors and subcontractors shall be required to comply with, any commercially reasonable insurance requirements imposed by Landlord in connection with any Approved Capital Improvement Project.

7.7.3 Tenant shall have the right to request disbursement of the Improvement Funds for an Approved Capital Improvement Project not more than once per calendar month, in increments of not less than [redacted] unless the disbursement is the final one, in which case the full amount of such disbursement may be requested. All such requests shall be in writing and in the form of the request for advance contained in Schedule 3 attached hereto ("**Request for Advance**") and shall be accompanied with (i) the following supporting documentation: (A) an itemized account of expenditures to be paid or reimbursed from the requested disbursement, certified by Tenant to be true and correct expenditures which have already been paid or are due and owing and for which no previous disbursement was made hereunder, and (B) copies of invoices or purchase orders from each payee with an identifying reference to the applicable vendor or supplier, which invoices or purchase orders shall support the full amount of costs contained in the requested disbursement; and (ii) mechanic's lien waivers (conditional and unconditional, as applicable), in form and substance reasonably satisfactory to Landlord, in connection with any repairs, renovations or improvements in excess of [redacted] for which a mechanic's lien may be filed. Landlord shall have the right to make payment directly to any or all applicable vendors or suppliers if so desired by Landlord. No failure by Landlord to insist on Tenant's strict compliance with the provisions of this Section 7.7 with respect to any request for advance or disbursement of the Improvement Funds shall constitute a waiver or modification of such provisions with respect to any future or other request for advance or disbursement.

7.7.4 Landlord shall, within twenty (20) calendar days of Tenant's delivery of a Request for Advance and compliance with the conditions for disbursement set forth in this Section 7.7, make disbursements of the requested Improvement Funds to pay or reimburse Tenant for the approved, budgeted costs of the applicable Approved Capital Improvements Project.

7.7.5 No Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, including, without limitation, the recordation of any mechanic's or other lien against the Premises (or any portion thereof) in connection with the capital repairs or improvements to be funded by the Improvement Funds, shall have occurred and be continuing at the time of any request for disbursement (or the date of disbursement) of Improvement Funds.

7.7.6 All repairs or improvements funded with Improvement Funds shall be completed in a good, workmanlike and lien-free manner pursuant to the approved plans and specifications and other Project Information approved by Landlord in connection with the applicable Approved Capital Improvement Project (and in accordance with the project approval letter issued by Landlord in connection with such Approved Capital Improvement Project), subject to change orders made in the ordinary course of a project of the size and scope of the applicable Approved Capital Improvement Project and reasonably approved by Landlord (with respect to change orders in excess of [redacted]). If any of such repairs or improvements are completed in a manner not in compliance with this Section 7.7 and the other applicable provisions of this Lease, Tenant shall, promptly after obtaining knowledge thereof or Landlord's demand therefor, repair or remediate the applicable work to the extent necessary to attain such compliance at its sole cost and expense.

7.7.7 To the extent any Approved Capital Improvement Project would constitute Capital Alterations or Material Alterations, Tenant shall comply with the provisions of Section 7.5 of this Lease.

7.7.8 Each and every renovation or improvement funded by Landlord under this Section 7.7 shall immediately become a part of the Premises and shall belong to Landlord subject to the terms and conditions of this Lease.

7.7.9 No disbursement of Improvement Funds shall be used to remedy any condition which constitutes a default by Tenant under the provisions of this Lease.

7.7.10 From and after the date of disbursement of any Improvement Funds by Landlord, the annual amount of Base Rent then payable under this Lease shall be increased by the product of: [redacted]. Such increased Base Rent shall commence to be payable on the next Payment Date following disbursement of such Improvement Funds (together with any prorated portion of the Base Rent payable with respect to the month in which such Improvement Funds were advanced). Upon request of Landlord, Tenant shall execute such amendments to this Lease, side letters or other instruments to document the foregoing increase in Base Rent.

7.7.11 Landlord's documented, reasonable and customary costs relating to its review, processing, oversight, management and approval of all Proposed Capital Improvement Projects and Approved Capital Improvement Projects, including all of Landlord's out-of-pocket costs (including, without limitation, reasonable attorneys' fees), shall be reimbursed to Landlord as Improvement Funds. Such reimbursements to Landlord shall be added to the costs for the applicable Approved Capital Improvement Project and shall be applied against the Project Cap for such Approved Capital Improvement Project.

7.7.12 In no event shall Landlord be obligated to disburse Improvement Funds in connection with any Approved Capital Improvement Project to the extent such disbursement would cause Landlord to have funded disbursements for such Approved Capital Improvement Project in excess of the applicable Project Cap. Notwithstanding: (i) any decision on the part of Landlord to cease funding Improvement Funds due to the existence of an Event of Default, the failure of Tenant to satisfy a condition to funding disbursements of Improvement Funds, cost overruns for an Approved Capital Improvement Project, or the existence of any other circumstance pursuant to which Landlord is not obligated to disburse Improvement Funds pursuant to this Section 7.7, and (ii) Tenant having exceeded the Project Cap for an Approved Capital Improvement Project and, therefore, there not being sufficient Improvement Funds to finish and complete an Approved Capital Improvement Projects as required by this 7.7, Tenant shall remain responsible to complete each Approved Capital Improvement Project on the terms and conditions, and to the standards, required by this Section 7.7, the other applicable provisions of this Lease, and the written approval letter issued by Landlord in connection with such Approved Capital Improvement Project.

7.7.13 Landlord shall not be obligated to make a disbursement of Improvement Funds until and unless Landlord has reviewed and confirmed that all work completed at the time of the request for the disbursement of Improvement Funds has been performed in a good and workmanlike manner, that all materials and fixtures usually furnished and installed at that stage of construction have been so furnished and installed and are of appropriate grade and quality consistent with or superior to the previously existing materials and fixtures, and that the Approved Capital Improvements Project can be complete by the outside date established by Landlord pursuant the project approval letter issued by Landlord in connection with such Approved Capital Improvement Project.

7.7.14 Tenant hereby covenants and agrees that all amounts of Improvement Funds disbursed to Tenant shall be used solely to pay for the costs and expenses incurred in connection with the applicable Approved Capital Improvement Project and incurred in accordance with the approved project budget applicable thereto.

7.7.15 As a condition to Landlord's payment of Tenant's final Request for Advance in connection with any Approved Capital Improvement Project (but without limitation of any other terms or

conditions governing disbursements of Improvement Funds pursuant to this Section 7.7), Tenant must deliver to Landlord in connection with such Approved Capital Improvement Project (i) fully executed and complete final and unconditional releases of lien from each contractor, subcontractor, or other person or entity performing work, labor, and/or services in connection with the Approved Capital Improvement Project in an amount equal to or exceeding [redacted], (ii) if requested by Landlord, a title report or commitment for the applicable real property dated after completion of the Approved Capital Improvement Project, (iii) evidence reasonably acceptable to Landlord that the Approved Capital Improvement Project was completed in a good, workmanlike and lien-free manner, in compliance in all material respects with all laws, rules, regulations, codes and ordinances and all covenants, conditions and restrictions (or similar use, maintenance or ownership obligations) encumbering or binding upon the applicable real property and in accordance in all material respects with the Project Information, (iv) evidence reasonably acceptable to Landlord that Tenant has obtained all authorizations required by applicable law in connection with the completion and operation of the Approved Capital Improvement Project, (v) a bill of sale with respect to any personal property incorporated into the Approved Capital Improvement Project and purchased by Tenant in connection with its performance of the work in connection with such Approved Capital Improvement Project, (vi) if applicable, Landlord shall have received copies of any and all authorizations, regulatory agreements, provider agreements, or similar documentation required under applicable legal requirements or otherwise advisable for the use of the applicable Facility for its intended use and receipt of reimbursement of other payments under third party programs following completion of the Approved Capital Improvement Project, and (vii) if a new or revised certificate of occupancy for any component of the Facility is required as a result of the Approved Capital Improvement Project, a copy of such certificate in compliance with all applicable laws, rules, regulations, codes and ordinances.

7.8 **Encroachments**. If any of the Leased Improvements of any Facility shall, at any time, materially encroach upon any property, street or right-of-way adjacent to such Facility, then, promptly upon the request of Landlord, Tenant shall, at its expense, subject to its right to contest the existence of any material encroachment and, in such case, in the event of any adverse final determination, either (a) obtain valid waivers or settlements of all claims, liabilities and damages resulting from each such material encroachment, whether the same shall affect Landlord or Tenant, or (b) make such changes in such Leased Improvements, and take such other actions, as Tenant, in the good faith exercise of its judgment, deems reasonably practicable, to remove such material encroachment, including, if necessary, the alteration of any of such Leased Improvements, and in any event take all such actions as may be necessary to be able to continue the operation of such Leased Improvements for the Primary Intended Use of such Facility substantially in the manner and to the extent such Leased Improvements were operated prior to the assertion of such encroachment. Any such alteration shall be made in conformity with the applicable requirements of Sections 7.4 and 7.5.

ARTICLE VIII
PERMITTED CONTESTS

Tenant, upon prior written notice to Landlord and at Tenant's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any licensure or certification decision, Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim; provided, however, that (a) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge, or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the applicable Facility, (b) neither the applicable Facility nor any Rent therefrom nor any part thereof or interest therein would be reasonably likely to be in danger of being sold, forfeited, attached or lost pending the outcome of such proceedings, (c) in the case of a Legal Requirement, neither Landlord nor Tenant would be in any danger of civil or criminal liability for failure to comply therewith pending

the outcome of such proceedings; (d) Tenant shall give such security as may be reasonably demanded by Landlord to insure ultimate payment of, or compliance (in all material respects) with, the same and to prevent any sale or forfeiture (or risk thereof) of the applicable Facility or the Rent by reason of such non-payment or non-compliance; (e) in the case of the contest of an Insurance Requirement, the coverage required by Article IX shall be maintained, and (f) if such contest is resolved against Landlord or Tenant, [redacted]. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as may reasonably be required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, shall join as a party therein. The provisions of this Article VIII shall not be construed to permit Tenant to contest the payment of Rent or any other amount payable by Tenant to Landlord hereunder. [redacted].

ARTICLE IX
INSURANCE

9.1 **Required Policies**. During the Term, Tenant shall maintain the following insurance with respect to each Facility at its sole cost and expense:

9.1.1 Fire and Extended Coverage against loss or damage by fire, vandalism and malicious mischief, extended coverage perils commonly known as "Special Risk," and all physical loss perils normally included in such Special Risk insurance, including but not limited to sprinkler leakage and windstorm, together with coverage for earthquake (including earth movement), flood (if such Facility is located in whole or in part within a designated 100-year flood plain area) and terrorism, to the extent not included or specifically excluded from such Special Risk Insurance, all in an amount equal to [redacted] of the full replacement cost of such Facility (as replacement cost is defined below in Section 9.3), and including the following;

(a) building ordinance coverage endorsement (Building Ordinance A (coverage for loss to the undamaged portion of the building) will be at [redacted] of the building replacement cost and Building Ordinance B (demolition) and Building Ordinance C (increased cost of construction) will each be at [redacted] of the building replacement cost);

(b) Fungus and Mold coverage;

(c) Agreed amount endorsement; and

(d) Named Storm requirement included.

9.1.2 If such Facility contains steam boilers, pressure vessels or similar apparatus, insurance with an agreed amount endorsement (such that the insurance carrier has accepted the amount of coverage and has agreed that there will be no co-insurance penalty), covering the major components of the central heating, air conditioning and ventilating systems, boilers, other pressure vessels, high pressure piping and machinery, elevators and escalators, if any, and other similar equipment installed in such Facility, in an amount equal to [redacted] of the full replacement cost of such Facility, which policy shall insure against physical damage to and loss of occupancy and use of such Facility arising out of an accident, explosion, or breakdown covered thereunder;

9.1.3 If there is any storage tank, whether above ground or below ground, located at such Facility, whether or not in use, Pollution Liability Insurance with the same limits as required for the commercial general liability insurance pursuant to Section 9.1.5 below;

9.1.4 Business Interruption and Extra Expense Coverage for loss of business income on an actual loss sustained basis for no less than twenty-four (24) months with a [redacted], covering perils consistent with the requirements of Section 9.1.1, including either an agreed amount endorsement or a waiver of any co-insurance provisions, so as to prevent Tenant, Landlord and any other insured thereunder from being a co-insurer, and containing [redacted] that provides that the continued loss of business income will be insured until such income returns to the same level it was prior to the loss or the expiration of not fewer than [redacted] after the date of the completed repairs;

9.1.5 Commercial General Liability Coverage (including products and completed operations liability and broad form coverage, host liquor liability, broad form property damage, blanket contractual liability, independent contractors liability, personal injury and advertising injury coverage and medical payments coverage) against claims for bodily injury, death, medical expenses, property damage occurring on, in or about such Facility, affording the parties protection of not less than [redacted] per occurrence and [redacted] in the annual aggregate;

9.1.6 Employee Dishonesty coverage for all of Tenant's employees who participate directly or indirectly in the management and maintenance of the Premises and assets therein or thereon, accounts and records in the amount of [redacted];

9.1.7 Professional Liability Coverage for damages for injury, death, loss of service or otherwise on account of professional services rendered or which should have been rendered, in a minimum amount of [redacted] per occurrence and [redacted] in the annual aggregate, together with Sexual Abuse Limits of [redacted] per occurrence and [redacted] in the annual aggregate;

9.1.8 Worker's Compensation Coverage for injuries sustained by Tenant's employees in the course of their employment and otherwise consistent with all applicable Legal Requirements and employer's liability coverage with limits of not less than [redacted] each accident, [redacted] bodily injury due to disease each employee and [redacted] bodily injury due to disease;

9.1.9 Automobile Liability coverage with limits as follows: [redacted] combined single limit for bodily injury and property damage including coverage for all owned, hired and non-owned vehicles or equipment; and

9.1.10 During such time as Tenant is constructing any improvements, Tenant, at its sole cost and expense, shall carry, or cause to be carried (a) a completed operations endorsement to the commercial general liability insurance policy referred to above, and, if not covered in another form or policy (b) builder's risk insurance, completed value form, covering all physical loss, in an amount and subject to policy conditions satisfactory to Landlord, and (c) such other insurance, in such commercially reasonable amounts, as Landlord reasonably deems necessary to protect Landlord's interest in the Premises from any act or omission of Tenant's contractors or subcontractors.

9.2 **General Insurance Requirements**.

9.2.1 All of the policies of insurance required to be maintained by Tenant under this Article IX shall (a) be written in form reasonably satisfactory to Landlord and any Facility Mortgage and issued by insurance companies (i) with a policyholder and financial rating of not less than "A-"/"VII" in the most recent version of Best's Key Rating Guide and (ii) authorized to do insurance business in the applicable Situs State; (b) provide that any insurance maintained by Landlord for or with respect to the Premises shall be excess and noncontributory with Tenant's insurance; and (c) include a waiver of all rights of subrogation and recovery against Landlord.

9.2.2 All liability type policies (with the exception of Tenant's workers' compensation/employer's liability insurance and professional liability insurance) must name Landlord as an "additional insured." All property policies shall name Landlord as "loss payee." All business interruption policies shall name Landlord as "loss payee" with respect to Rent only. Losses shall be payable to Landlord and/or Tenant as provided herein. In addition, the policies, as appropriate, shall name as an "additional insured" or "loss payee" any Facility Mortgagee by way of a standard form of mortgagee's loss payable endorsement. Any loss adjustment shall require the written consent of Landlord, Tenant, and each Facility Mortgagee unless the amount of the loss is less than [redacted] in which event no consent shall be required.

9.2.3 Tenant shall provide Landlord copies of the original policies or a satisfactory ACORD 28 (property) and ACORD 25 (liability) evidencing the existence of the insurance required by this Lease and showing the interest of Landlord (and any Facility Mortgagee(s)) prior to the commencement of the Term or, for a renewal policy, not less than ten (10) days prior to the expiration date of the policy being renewed. If Landlord is provided with an ACORD certificate, it may demand that Tenant provide a complete copy of the related policy within ten (10) Business Days of Landlord's written request.

9.2.4 Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called "blanket" policy or policies of insurance carried and maintained by Tenant with blanket limit of not less than [redacted]; provided, however, that the coverage afforded Landlord will not be reduced or diminished or otherwise be materially different from that which would exist under a separate policy meeting all other requirements hereof by reason of the use of the blanket policy, and provided further that the requirements of this Article IX (including satisfaction of the Facility Mortgagee's requirements and the approval of the Facility Mortgagee) are otherwise satisfied, and provided further that Tenant maintains specific allocations acceptable to Landlord. For any liability policies covering one or more other properties in addition to the Premises, Landlord may require excess limits as Landlord reasonably determines.

9.2.5 Each insurer under the insurance policies maintained by Tenant pursuant to this Article IX shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Landlord, that it will give to Landlord thirty (30) days' (ten (10) days' in the event of nonpayment) written notice before the policy or policies in question shall be materially altered or cancelled.

9.3 **Replacement Costs**. The term "replacement cost" shall mean the actual replacement cost of the insured property from time to time with new materials and workmanship of like kind and quality (including the cost of compliance with changes in zoning and building codes and other laws and regulations, demolition and debris removal and increased cost of construction). If Landlord reasonably believes that the replacement cost has increased at any time during the Term, it shall have the right to have such replacement cost redetermined by an impartial national insurance company reasonably acceptable to both parties (the "impartial appraiser"). The determination of the impartial appraiser shall be final and binding, and, as necessary, Tenant shall increase, but not decrease, the amount of the

insurance carried pursuant to this Article IX to the amount so determined by the impartial appraiser. Each party shall pay [redacted], if any, of the impartial appraiser. If Tenant has made Alterations, Landlord may at Tenant's expense have the replacement cost redetermined at any time after such Alterations are made.

9.4 Claims-Made Policies. If Tenant obtains and maintains the commercial general liability coverage and/or professional liability coverage described in Sections 9.1.5 and 9.1.7 above on a "claims-made" basis, Tenant shall provide continuous liability coverage for claims arising during the Term and providing for an extended reporting period reasonably acceptable to Landlord for a minimum of two (2) years after expiration of the Term. If such policy is canceled or not renewed for any reason whatsoever, Tenant must provide evidence of a replacement policy reflecting coverage with retroactive coverage back to the commencement date of the term and maintain such coverage for a period of at least two (2) years beyond the expiration of the Term or Tenant must obtain tail coverage for the length of the remaining term plus an additional two (2) years beyond the expiration of the Term.

9.5 Non-Renewal. If Tenant fails to cause the insurance required under Article IX to be issued in the names herein called for, fails to pay the premiums therefor or fails to deliver such policies or certificates thereof to Landlord, at the times required, Landlord shall be entitled, but shall have no obligation, to obtain such insurance and pay the premiums therefor, in which event the documented cost thereof, together with interest thereon at the Agreed Rate, shall be repayable to Landlord upon demand therefor.

9.6 Deductibles. Deductibles/self-insured retentions for the insurance policies required under this Article IX shall not be greater than [redacted]; provided, however, that the deductibles/self-insured retentions for losses sustained from earthquake (including earth movement), flood or windstorm (i.e., wind/hail) may be equal to, but not greater than, [redacted] of the replacement cost of the applicable Facility.

9.7 Increase in Limits; Types of Coverages. If, from time to time after the Commencement Date, Landlord determines in the exercise of its commercially reasonable judgment that the limits of the insurance required to be maintained by Tenant hereunder are no longer commensurate to the limits being regularly required by institutional landlords of similar properties in the applicable Situs State or their institutional lenders or that a particular type of insurance coverage is being regularly required by institutional landlords of similar properties in the applicable Situs State or their institutional lenders and is not then required hereunder, Landlord may notify Tenant of the same, in writing, indicating the particular limit or type of coverage that Landlord has determined should be increased or carried by Tenant, as applicable. Unless Tenant, in the exercise of its commercially reasonable judgment, objects to Landlord's determination, then within thirty (30) days after the receipt of such notice, Tenant shall thereafter increase the particular limit or obtain the particular coverage, as applicable, unless and until further modified pursuant to the provisions of this Section 9.7. Notwithstanding anything herein to the contrary, Landlord shall not request a modification of the insurance requirements of this Lease more frequently than once every three (3) years. If Tenant, in the exercise of its commercially reasonable judgment, objects to Landlord's determination made under this Section 9.7 and Landlord and Tenant are unable to agree upon the matter within fifteen (15) days of Tenant's receipt of the applicable notice from Landlord, such determination shall be made by a reputable insurance company, consultant or expert (an "**Insurance Arbitrator**") with experience in the skilled nursing insurance industry as mutually identified by Landlord and Tenant in the exercise of their reasonable judgment. As a condition to a determination of commercial reasonableness with respect to any particular matter, the Insurance Arbitrator shall be capable of providing, procuring or identifying particular policies or coverages that would be available to Tenant and would satisfy the requirement in issue. The determinations made by any such experts shall be binding on Landlord and Tenant for purposes of this Section 9.7, and the costs, fees and expenses of the same shall

be shared equally by Tenant and Landlord. If Tenant and Landlord are unable to mutually agree upon an Insurance Arbitrator, each party shall within ten (10) days after written demand by the other select one Insurance Arbitrator. Within ten (10) days of such selection, the Insurance Arbitrators so selected by the parties shall select a third (3rd) Insurance Arbitrator who shall be solely responsible for rendering a final determination with respect to the insurance requirement in issue. If either party fails to select an Insurance Arbitrator within the time period set forth above, the Insurance Arbitrator selected by the other party shall alone render the final determination with respect to the insurance requirement in issue in accordance with the foregoing provisions and such final determination shall be binding upon the parties. If the Insurance Arbitrators selected by the parties are unable to agree upon a third (3rd) Insurance Arbitrator within the time period set forth above, either party shall have the right to apply at Tenant's and Landlord's joint expense to the presiding judge of the court of original trial jurisdiction in the county in which any Facility is located to name the third (3rd) Insurance Arbitrator.

9.8 **No Separate Insurance.** Tenant shall not, on Tenant's own initiative or pursuant to the request or requirement of any third party, (a) take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article IX to be furnished by, or which may reasonably be required to be furnished by, Tenant or (b) increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Landlord and all Facility Mortgagees, are included therein as additional insureds and the loss is payable under such insurance in the same manner as losses are payable under this Lease. Notwithstanding the foregoing, nothing herein shall prohibit Tenant from insuring against risks not required to be insured hereby, and as to such insurance, Landlord and any Facility Mortgagee need not be included therein as additional insureds, nor must the loss thereunder be payable in the same manner as losses are payable hereunder except to the extent required to avoid a default under the Facility Mortgage.

ARTICLE X
REPRESENTATIONS AND WARRANTIES

10.1 **General**. Each party represents and warrants to the other that: (a) this Lease and all other documents executed or to be executed by it in connection herewith have been duly authorized and shall be binding upon it; (b) it is duly organized, validly existing and in good standing under the laws of the state of its formation and is duly authorized and qualified to perform this Lease within the applicable Situs State; and (c) neither this Lease nor any other document executed or to be executed in connection herewith violates the terms of any other agreement of such party.

10.2 **Anti-Terrorism Representations**.

10.2.1 Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (a) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**"); (b) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (c) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons" (collectively, "**Prohibited Persons**"). Tenant hereby represents and warrants to Landlord that no funds tendered to Landlord by Tenant under the terms of this Lease are or will be directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws. If the foregoing representations are untrue at any

time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

10.2.2 Tenant will not during the Term of this Lease engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises. A breach of the representations contained in this Section 10.2 by Tenant shall constitute a material breach of this Lease and shall entitle Landlord to any and all remedies available hereunder, or at law or in equity.

10.3 Additional Representations and Warranties. To induce Landlord to execute this Lease and perform its obligations hereunder, Tenant hereby represents and warrants to Landlord that the following are true and correct as of the Commencement Date:

10.3.1 No consent or approval of, or filing, registration or qualification with any Governmental Authority or any other Person is required to be obtained or completed by Tenant or any Affiliate in connection with the execution, delivery, or performance of this Lease that has not already been obtained or completed.

10.3.2 The identity of the holders of the partnership or membership interests or shares of stock, as applicable, in Tenant and their respective percentage of ownership as of the Commencement Date are set forth on Schedule 2. No partnership or limited liability company interests, or shares of stock, in Tenant, other than those described above, are issued and outstanding. There are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from Tenant of any partnership or limited liability company interest of or shares of stock in Tenant except as may be set forth in Tenant's organizational and formation documents, complete, true and accurate copies of which have been provided to Landlord.

10.3.3 Neither Tenant nor Guarantor is insolvent and there has been no Bankruptcy Action by or against any of them. Tenant's assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted.

10.3.4 All financial statements and other documents and information previously furnished by or on behalf of any Tenant or Guarantor to Landlord in connection with the Facilities and this Lease are true, complete and correct in all material respects and fairly present on a consistent basis with the financial conditions of the subjects thereof for the immediately prior periods as of the respective dates thereof and do not fail to state any material fact necessary to make such statements or information not misleading, and no material adverse change with respect to any Facility, Tenant or Guarantor has occurred since the respective dates of such statements and information. Neither Tenant nor any Guarantor has any material liability, contingent or otherwise, not disclosed in such financial statements and which is required to be disclosed in such financial statements in accordance with GAAP.

10.3.5 Tenant has each Authorization and other rights from, and has made all declarations and filings with, all applicable Governmental Authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the management and operation of the Facilities for the Primary Intended Use. No Governmental Authority is, to Tenant's knowledge, considering limiting, suspending or revoking any such Authorization. All such Authorizations are valid and in full force and effect and Tenant is in material compliance with the terms and conditions of all such Authorizations.

10.3.6 Tenant represents and warrants to Landlord as follows:

(a) Tenant has no actual knowledge of and neither Tenant nor any of its Affiliates has received any written notice of outstanding deficiencies or work orders of any authority having jurisdiction over any portion of the Property;

(b) Tenant has no actual knowledge of and neither Tenant nor any of its Affiliates has received any notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over any Facility to rework or redesign it in any material respect or to provide additional furniture, fixtures, equipment or inventory so as to conform to or comply with any law which has not been fully satisfied;

(c) Neither Tenant nor any of its Affiliates has received any written notice from any governmental authority of any material violation of any law applicable to any portion of the Premises or any Facility;

(d) There is no pending or, to the actual knowledge of Tenant, threatened condemnation or similar proceeding or assessment affecting the Premises, nor, to the actual knowledge of Tenant, is any such proceeding or assessment contemplated by any governmental authority;

(e) As of the date hereof, there is no action pending or, to the actual knowledge of Tenant, recommended by the appropriate state agency to revoke, withdraw or suspend any license to operate any Facility, or certification of any Facility, or any material action of any other type with regard to licensure or certification. Each Facility is operating and functioning as a skilled nursing facility without any waivers from a governmental agency affecting such Facility except and is fully licensed for a skilled nursing facility, as applicable, by the State of California for the number of beds and licensure category set forth in Schedule 1 hereto.

(f) [redacted]

ARTICLE XI
DAMAGE AND DESTRUCTION

11.1 Notice of Damage or Destruction. Tenant shall promptly notify Landlord of any damage or destruction of any Facility in excess of [redacted]. Said notification shall include: (a) the date of the damage or destruction and the Facility or Facilities damaged, (b) the nature of the damage or destruction together with a description of the extent of such damage or destruction, (c) a preliminary estimate of the cost to repair, rebuild, restore or replace the Facility, and (d) a preliminary estimate of the schedule to complete the repair, rebuilding, restoration or replacement of the Facility.

11.2 Restoration. Tenant shall diligently repair or reconstruct any Facility that has been damaged or destroyed to a like or better condition than existed prior to such damage or destruction in accordance with Section 7.5. Any net insurance proceeds payable with respect to such damage or destruction (i) if [redacted] or less shall be paid directly to Tenant for the repair or reconstruction of such Facility in the manner required by this Lease, or (ii) if in excess of [redacted], shall be paid directly to Landlord and; provided Tenant is diligently performing the restoration and repair work with respect to such Facility and no Event of Default has occurred hereunder, shall be used for the repair or reconstruction of such Facility. Landlord shall disburse any such net insurance proceeds as and when required by Tenant in accordance with normal and customary practice for the payment of a general contractor in connection with construction projects similar in scope and nature to the work being performed by or on behalf of Tenant, including, without limitation, the withholding of [redacted] of each disbursement until the required work is completed as evidenced by a certificate of occupancy or similar evidence issued upon an inspection by the applicable Governmental Authority and proof has been furnished to Landlord that no lien has attached or will attach to the applicable Facility in connection with the restoration and repair work. If the Facility is able to be restored as provided herein but the applicable laws, rules or regulations of any Governmental Authority having jurisdiction over the repair or reconstruction then in effect results in a reduced number of licensed beds at the Facility despite Tenant's commercially reasonable efforts to obtain a variance from any such Governmental Authority, then the current Base Rent shall be proportionally reduced as provided in Section 12.4 in the case of a Partial Taking.

11.3 Insufficient or Excess Proceeds. If the net insurance proceeds paid to Landlord in connection with any such damage or destruction are insufficient, Tenant shall nevertheless remain responsible, at its sole cost and expense, to repair and reconstruct the applicable Facility as required in this Article XI and Tenant shall provide the required additional funds. Tenant expressly assumes all risk of loss in connection with any damage or destruction to a Facility, whether or not such damage or destruction is insurable or insured against. Tenant shall pay any insurance deductible and any other uninsured Losses. If the net insurance proceeds paid to Landlord in connection with any such damage or destruction are more than sufficient, the surplus shall belong and be paid to Tenant; provided, however, that any such surplus shall be paid by Landlord to Tenant only following the disbursement of net insurance proceeds necessary to complete the repair and restoration work as required pursuant to this Article XI. Tenant shall not have any right under this Lease, and hereby waives all rights under applicable law, to abate, reduce, or offset rent by reason of any damage or destruction of any Facility by reason of an insured or uninsured casualty.

11.4 Facility Mortgagee. [redacted]

[redacted]

ARTICLE XII
CONDEMNATION

12.1 General. Except as provided to the contrary in this Article XII, a Condemnation of any Facility or any portion thereof shall not terminate this Lease, which shall remain in full force and effect, and Tenant hereby waives all rights under applicable law to abate, reduce or offset Rent by reason of any such Condemnation.

12.2 Notice of Taking. Tenant and Landlord, as the case may be, promptly upon obtaining knowledge of the institution of any proceeding for a Condemnation, shall each notify the other and any Facility Mortgagee thereof and Tenant, Landlord and Facility Mortgagee shall be entitled to participate in any Condemnation proceeding.

12.3 Complete Taking. [redacted]

12.4 Partial Taking. [redacted]

[redacted]

12.5 Temporary Taking. [redacted]

12.6 Award Distribution. [redacted]

12.7 Relationship to Facility Mortgage. [redacted]

ARTICLE XIII
DEFAULT

13.1 Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" and there shall be no cure period therefor except as otherwise expressly provided in this Section 13.1:

13.1.1 Tenant shall fail to pay any installment within five (5) Business Days of its Payment Date;

13.1.2 (a) The final and non-appealable (provided that during any period of appeal Tenant is permitted to continue and continues operation of the affected Facility in compliance with this Lease) revocation or termination of any Authorization that would have a material adverse effect on the operation of any Facility for its Primary Intended Use; (b) except as permitted pursuant to the terms of Article XI or Article XII in connection with a casualty or Condemnation, the voluntarily cessation of

operations at any Facility for a period in excess of thirty (30) days; (c) the sale or transfer of all or any portion of any Authorization; or (d) the use of any Facility other than for its Primary Intended Use;

13.1.3 Any material suspension, limitation or restriction placed upon Tenant, any Authorization, any Facility, the operations at any Facility or Tenant's ability to admit residents or patients at the Premises (e.g., an admissions ban or non-payment for new admissions by any Thirty Party Payor Program resulting from an inspection survey); provided, however, if any such material suspension, limitation or restriction (each, a "**Citation**") is curable by Tenant under the applicable Authorization or Legal Requirement, it shall not constitute an Event of Default if Tenant promptly commences to cure such Citation and thereafter diligently pursues such cure to the completion thereof (a) within [redacted] prior to expiration of the time period in which the applicable Governmental Authority has given Tenant to undertake and complete corrective action or (b) if such period is [redacted] or less, then no later than the number of days (rounded up to the next full day in case of a partial day) equal to [redacted] of the time period within which the applicable Governmental Authority has given Tenant to undertake and complete corrective action (the "**Citation Cure Period**"). Landlord shall extend the Citation Cure Period with respect to any Citation to the extent that Tenant has received from such Governmental Authority an extension of the time within which such noncompliance is required to be cured or Tenant is contesting or appealing such Citation in good faith by appropriate proceedings, timely filed and diligently prosecuted by Tenant (provided that during any period of contest appeal Tenant is permitted under all Legal Requirements to continue, and continues, operation of the affected Facility in compliance with this Lease);

13.1.4 a material default shall occur under any other lease or agreement between Landlord or an Affiliate of Landlord and Tenant (or Guarantor) or an Affiliate of Tenant (or Guarantor), or any letter of credit, guaranty, mortgage, deed of trust, or other instrument executed by Tenant (or Guarantor) or an Affiliate of Tenant (or Guarantor) in favor of Landlord or an Affiliate of Landlord, in every case, whether now or hereafter existing, where the default is not cured within any applicable grace period set forth therein;

13.1.5 intentionally omitted;

13.1.6 Tenant, any Guarantor, or any Affiliate of Tenant or any Guarantor shall (a) admit in writing its inability to pay its debts generally as they become due; (b) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (c) make an assignment for the benefit of its creditors; (d) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property; or (e) file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

13.1.7 Any petition is filed by or against any Tenant, any Guarantor, or any Affiliate of any Tenant or any Guarantor under federal bankruptcy laws, or any other proceeding is instituted by or against any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor, or for any substantial part of the property of any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor, and Tenants fails to notify Landlord of such proceeding within three (3) Business Days of the institution thereof and such proceeding is not dismissed within sixty (60) days after institution thereof, or any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor shall take any action to authorize or effect any of the actions set forth above in this Section 13.1.7;

13.1.8 Any of the representations or warranties made by Tenant in this Lease or by Guarantor in the Guaranty proves to be untrue when made in any material respect;

13.1.9 Tenant fails to observe or perform any term, covenant or other obligation of Tenant set forth in Section 6.7 and such failure is not cured within ten (10) days after receipt of notice of such failure from Landlord;

13.1.10 Tenant fails to perform or comply with the provisions of Section 3.1 or Section 3.2, as applicable, Section 6.11, Section 6.12, Section 6.13, Article IX or Article XVII within the applicable time periods set forth therein, if any; or

13.1.11 Tenant fails to observe or perform any other term, covenant or condition of this Lease not previously enumerated in this Section 13.1 and such failure is not cured by Tenant within thirty (30) days after notice thereof from Landlord, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to be an Event of Default if Tenant commences the cure within such thirty (30) day period, proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within one hundred twenty (120) days after such notice from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law. No Event of Default (other than those consisting of payments and other financial obligations, including, without limitation, the payment of Rent under this Lease) shall be deemed to exist under this Section 13.1.11 during any time the curing thereof is prevented by "Force Majeure," provided that Tenant shall use its reasonable best efforts to remedy the Force Majeure to the extent Tenant is reasonably or practically able to do so and that, upon the cessation of the Force Majeure, Tenant immediately shall proceed to diligently remedy the action or condition giving rise to the Event of Default within the applicable cure period as extended by the Force Majeure. For purposes of the foregoing sentence, "**Force Majeure**" shall mean delays due to power failure, acts of God, enemy action, civil commotion, extreme weather or, to the extent approved Landlord in its reasonable discretion, other causes beyond the control of the party responsible for performing an obligation. Neither lack of funds nor general economic and or market factors shall be deemed a Force Majeure event that is beyond the control of Tenant. In the event of any occurrence which Tenant believes constitutes a cause beyond the reasonable control of Tenant and which will delay cure of the subject default, Tenant shall promptly notify Landlord in writing of the occurrence and nature of such cause, the anticipated period of delay and the steps being taken by Tenant to mitigate the effects of such delay.

13.2 **Remedies**. Upon the occurrence of an Event of Default, Landlord may exercise all rights and remedies under this Lease and the laws of the applicable Situs State that are available to a lessor of real and personal property in the event of a default by its lessee, and as to the Lease Collateral, all remedies granted under the laws of the applicable Situs State to a secured party under its Uniform Commercial Code. Landlord shall have no duty to mitigate damages unless required by applicable law and shall not be responsible or liable for any failure to relet any Facility or to collect any rent due upon any such reletting. Tenant shall pay Landlord, immediately upon demand, all documented and reasonable expenses incurred by it in obtaining possession and reletting any Facility, including fees, commissions and costs of attorneys, architects, agents and brokers.

13.2.1 Without limiting the foregoing, Landlord shall have the right (but not the obligation) to do any of the following upon an Event of Default: (a) sue for the specific performance of any covenant of Tenant as to which it is in breach; (b) enter upon any Facility, terminate this Lease, dispossess Tenant from any Facility and/or collect money damages by reason of Tenant's breach, including the present value of all Rent which would have accrued after such termination and all obligations and liabilities of Tenant under this Lease which survive the termination of the Term, less the present value of the amount of such rental loss that Tenant proves could have been reasonably avoided

(with present value, in each instance, being computed using the discount rate of the Federal Reserve Bank of San Francisco as of the date of acceleration plus [redacted]); (c) elect to leave this Lease in place and sue for Rent and other money damages as the same come due; (d) (before or after repossession of a Facility pursuant to clause (b) above and whether or not this Lease has been terminated) relet such Facility to such tenant, for such term (which may be greater or less than the remaining balance of the Term), rent, conditions (which may include concessions or free rent) and uses as it may determine in its sole discretion and collect and receive any rents payable by reason of such reletting; and (e) sell any Lease Collateral in a non-judicial foreclosure sale.

13.2.2 Upon the occurrence of an Event of Default, and upon commencement of proceedings to enforce the rights of Landlord hereunder, Landlord shall be entitled, as a matter of right, to appoint a receiver to take possession of the Premises, pending the outcome of such proceedings, to manage the operation of the Premises, to collect and disburse all rents, issues, profits and income generated thereby and to the extent applicable and possible, to preserve or replace any Authorization or to otherwise substitute the licensee or provider thereof. [redacted]. Tenant irrevocably consents to the appointment of a receiver following an Event of Default and thus stipulates to and agrees not to contest the appointment of a receiver under such circumstances and for such purposes.

13.2.3 If Tenant at any time shall fail to make any payment or perform any act on its part required to be made or performed under this Lease, then Landlord may, without waiving or releasing Tenant from any obligations or default hereunder, make such payment or perform such act for the account and at the expense of Tenant, and enter upon the applicable Facility for the purpose of taking all such action as may be reasonably necessary. No such entry shall be deemed an eviction of Tenant. All documented sums so paid by Landlord and all necessary, incidental and documented costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by it, together with interest at the Agreed Rate from the date of the making of such payment or the incurring of such costs and expenses, shall be payable by Tenant to Landlord upon Landlord's written demand therefor.

13.2.4 No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. Any notice or cure period provided herein shall run concurrently with any provided by applicable law.

13.2.5 If Landlord initiates judicial proceedings or if this Lease is terminated by Landlord pursuant to this Article XIII, Tenant waives, to the extent permitted by applicable law, (a) any right of redemption, re-entry, or repossession; and (b) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

ARTICLE XIV
OBLIGATIONS OF TENANT ON EXPIRATION OR TERMINATION OF LEASE

14.1 **Surrender**. On the Expiration Date or earlier termination or cancellation of this Lease (or the earlier dispossession of Tenant from any Facility), Tenant shall deliver to Landlord or Landlord's designee (a) possession of each Facility in a neat and clean condition, with each Facility being fully operational as of such date and in compliance in all material respects with all Authorizations, and (b) all business records (other than corporate financial records or proprietary materials), data, patient and resident records, and patient and resident trust accounts, which may be necessary, desirable or advisable

for the operation of each Facility for its Primary Intended Use. Tenant shall have no obligation to perform any Alterations necessitated by, or imposed in connection with, a change of ownership inspection survey for the transfer of operation of such Facility to Landlord or Landlord's designee unless such Alterations were previously required hereunder or by the applicable licensing authorities to be undertaken by Tenant prior to the Expiration Date (or earlier termination date or cancellation of this Lease or earlier dispossession of Tenant from any Facility) and Tenant failed to do so.

14.2 Transition.

14.2.1 In connection with the expiration or earlier termination of this Lease with respect to any Facility, or the earlier dispossession of Tenant from any Facility, Landlord shall have the right to require an Operational Transfer with respect to such Facility by delivery to Tenant of a Transition Notice (as defined below). As used in this Lease, "**Operational Transfer**" shall mean the transfer and transition, practically and legally, of the day-to-day operations of a Facility for the Primary Intended Use of such Facility to Landlord and/or Landlord's designee without interruption of the business activities therein, regulatory or otherwise. Landlord may exercise its right to require an Operational Transfer by delivering written notice to Tenant of Landlord's election to require an Operational Transfer (a "**Transition Notice**") at any time.

14.2.2 In connection with an Operational Transfer, or at the time of Tenant's surrender of a Facility to Landlord or its designee, Tenant shall cooperate fully with Landlord or its designee in transferring (or obtaining) all Authorizations and Governmental Payors' certifications and shall take all necessary actions, including, without limitation, filing such applications, petitions and transfer notices and making such assignments, conveyances and transfers as are necessary, desirable or advisable to accomplish an Operational Transfer. In connection therewith, Tenant shall transfer, to the extent permitted by applicable law, to Landlord or Landlord's designee all contracts, including contracts with Governmental Authorities, which may be necessary, desirable or advisable for the operation of each Facility for its Primary Intended Use. Subject to all applicable Legal Requirements, Tenant hereby assigns, effective upon the Expiration Date or earlier termination or cancellation of this Lease (or the earlier dispossession of Tenant from any Facility), all rights to operate the Facility to Landlord or its designee, including all required Authorizations and all rights to apply for or otherwise obtain them. In furtherance of the foregoing, Tenant agrees to enter into a commercially reasonable operations transfer agreement with Landlord or Landlord's designee, which agreement shall provide, *inter alia,* for the proration of operational revenues and liabilities based on when Landlord or its designee actually takes possession of the applicable Facility or Facilities.

14.2.3 Tenant agrees to enter into reasonable and customary interim sublease agreements or management agreements as may be necessary to effect a transfer of the operations of the Facility or Facilities for their Primary Intended Use prior to the time that Landlord or its designee, as applicable, holds all Authorizations from all applicable Governmental Authorities necessary to so operate such Facility or Facilities, and (b) Tenant shall remain as licensee and participating provider in any payment programs with Governmental Payors or third party payors in which a Facility participates until such time as Landlord or its designee has received all Authorizations necessary to operate any Facility.

[redacted]

14.2.4 Notwithstanding anything in this Lease which may be construed to the contrary, if (i) Landlord delivers a Transition Notice as to a particular Facility or Facilities, (ii) the Term expires prior to the delivery of a Transition Notice but Landlord has not delivered a Closure Notice, or (iii) this Lease is terminated as a result of an Event of Default and Landlord has not delivered a Closure Notice, then in all such cases Tenant shall thereafter continue to operate the Facility or Facilities in accordance with all of the requirements of this Lease until the earliest to occur of the following: (a) the date on which a successor operator assumes operation of such Facility, (b) the date that is one hundred eighty (180) days after the Expiration Date, or (c) the date on which such Facility is closed by Tenant in accordance with and pursuant to the requirements of this Lease and in connection with a Closure Notice delivered by Landlord.

14.2.5 If Tenant operates one or more Facilities after the Expiration Date or earlier termination of this Lease (either pursuant to Landlord's request or pursuant to Section 14.2.4, then, from and after the expiration of this Lease and until the earliest to occur of the dates described in Section 14.2.4 (the "**Reimbursement Period**"), [redacted]. Any such reimbursement shall be due from Landlord to Tenant within twenty (20) days after request by Tenant, provided that Tenant shall furnish such documentation of any operating deficits, losses and expenses as Landlord may reasonably request.

14.2.6 Notwithstanding anything to the contrary contained in this Lease, Tenant shall not, prior to delivery of a Closure Notice by Landlord to Tenant, commence to wind up and terminate the operations of any Facility or relocate the patients or occupants of any Facility to any other health care facility (a "**Facility Termination**"). Notwithstanding the foregoing, if Landlord has not delivered a Closure Notice or a Transition Notice to Tenant prior to the day that is one hundred twenty (120) days following the Expiration Date, then Tenant may commence the Facility Termination as to such Facility or Facilities and, upon the closure of such Facility or Facilities in accordance with this Lease and all applicable Legal Requirements, Tenant shall vacate such Facility or Facilities and surrender possession thereof to Landlord in accordance with all applicable requirements of this Lease. If, prior to the day that is one hundred twenty (120) days following the Expiration Date, Landlord delivers a Transition Notice to Tenant, Tenant shall not commence or otherwise engage in a Facility Termination with respect to the applicable Facility or Facilities. If Landlord delivers a Closure Notice and elects to institute a Facility Termination, Tenant shall, upon the prior written approval of Landlord, take all commercially reasonable steps necessary, in compliance in all material respects with all Legal Requirements and Authorizations, to timely effectuate the same, all at Tenant's sole cost and expense.

14.2.7 The terms of this Section 14.2 shall survive the expiration or sooner termination of this Lease.

14.3 **Tenant Personal Property**. Provided that no Event of Default then exists and is continuing, in connection with the surrender of the Premises, Tenant may upon at least five (5) Business Days prior notice to Landlord remove from the Premises in a workmanlike manner all Tenant Personal Property, leaving the Premises in good and presentable condition and appearance, including repairing any damage caused by such removal; provided, however, that prior to any such removal, Landlord shall have the right and option to purchase for itself or its designee all or some of the Tenant Personal Property (other than the Excluded Tenant Personal Property) for its then net book value during such five (5)

Business Day notice period, in which case Tenant shall so convey the requested Tenant Personal Property to Landlord or its designee by executing a bill of sale in a form reasonably required by Landlord. If there is any Event of Default then existing, Tenant will not remove any Tenant Personal Property from the Premises and instead will, on demand from Landlord, convey it (other than the Excluded Tenant Personal Property) to Landlord or its designee for no additional consideration by executing a bill of sale in a form reasonably required by Landlord. Title to any Tenant Personal Property which is not removed by Tenant as permitted above upon the expiration of the Term shall, at Landlord's election, vest in Landlord or its designee; provided, however, that Landlord may remove and store or dispose at Tenant's expense any or all of such Tenant Personal Property which is not so removed by Tenant without obligation or accounting to Tenant.

14.4 **Facility Trade Name**. If this Lease is terminated by reason of an Event of Default or Landlord exercises its option to purchase or is otherwise entitled to retain the Tenant Personal Property pursuant to Section 14.3 above, Landlord or its designee shall be permitted to use the name under which each Facility has done business during the Term in connection with the continued operation of such Facility for its Primary Intended Use, but for no other use and not in connection with any other property or facility; provided that Landlord shall have no right to retain or use the name [redacted] or any derivative thereof.

14.5 **Holding Over**. If Tenant shall for any reason remain in possession of any Facility after the Expiration Date, such possession shall be a month-to-month tenancy during which time Tenant shall pay as rental on the first (1st) Business Day of each month [redacted] the total of the monthly Base Rent payable with respect to the last Lease Year, plus all Additional Rent accruing during the month and all other sums, if any, payable by Tenant pursuant to this Lease. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the Expiration Date, nor shall anything contained herein be deemed to limit Landlord's remedies.

ARTICLE XV
INDEMNIFICATION

[redacted]

ARTICLE XVI
LANDLORD'S FINANCING

16.1 **Grant Lien**. Without the consent of Tenant, Landlord may from time to time, directly or indirectly, create or otherwise cause to exist any Facility Mortgage upon any Facility or interest therein. This Lease is and at all times shall be subject and subordinate to any such Facility Mortgage which may now or hereafter affect any Facility or interest therein and to all renewals, modifications, consolidations, replacements, restatements and extensions thereof or any parts or portions thereof; provided, however, so long as no Event of Default has occurred, no Facility Mortgagee shall have the right to disturb Tenant's leasehold interest or possession of any Facility or interfere with any other rights of Tenant accorded by the terms of this Lease. This provision shall be self-operative and no further instrument of subordination shall be required to give it full force and effect; provided, however, that in confirmation of such subordination, Tenant shall execute promptly any certificate or document that Landlord or any Facility Mortgagee may request for such purposes so long as the same contains commercially reasonable non-disturbance and attornment provisions.

16.2 **Attornment**. If Landlord's interest in any Facility or interest therein is sold, conveyed or terminated upon the exercise of any remedy provided for in any Facility Mortgage Documents (or in lieu of such exercise), or otherwise by operation of law: (a) at the request and option of the new owner or superior lessor, as the case may be, Tenant shall attorn to and recognize the new owner or superior lessor as Tenant's "landlord" under this Lease or enter into a new lease substantially in the form of this Lease with the new owner or superior lessor, and Tenant shall take such actions to confirm the foregoing within ten (10) Business Days after request; and (b) the new owner or superior lessor shall not be (i) liable for any act or omission of Landlord under this Lease occurring prior to such sale, conveyance or termination; (ii) subject to any offset, abatement or reduction of rent because of any default of Landlord under this Lease occurring prior to such sale, conveyance or termination; (iii) bound by any previous modification or amendment to this Lease (other than a modification or amendment solely memorializing Tenant's unilateral exercise of its right under this Lease to extend the Term of this Lease for any Extension Term) or any previous prepayment of more than one month's rent, unless such modification, amendment or prepayment shall have been approved in writing by such Facility Mortgagee or, in the case of such prepayment, such prepayment of rent has actually been delivered to such new owner or superior lessor; or (iv) liable for any security deposit or other collateral deposited or delivered to Landlord pursuant to this

Lease unless such security deposit or other collateral has actually been delivered to such new owner or superior lessor.

16.3 Cooperation; Modifications. Notwithstanding anything in this Lease to the contrary, Tenant hereby agrees that in connection with obtaining any Facility Mortgage for any Facility or interest therein, including, without limitation, where the Facility Mortgagee is an Agency Lender, Tenant shall: (i) execute and deliver to such Agency Lender or other Facility Mortgagee (on the form required by such Agency Lender or other Facility Mortgagee) any tenant regulatory agreements (including, without limitation, the form of regulatory agreement typically required by Agency Lenders), subordination agreements (including, without limitation, the form of subordination, assignment and security agreement typically required by Agency Lenders), or other similar agreements customarily required by Agency Lenders and other Facility Mortgagees in connection with a mortgage relating to a skilled nursing facility or assisted living facility, and (ii) modify this Lease as reasonably necessary to incorporate the provisions and requirements generally imposed by an Agency Lender or other Facility Mortgagee in connection with a facility lease relating to a skilled nursing facility or assisted living facility encumbered with a Facility Mortgage by an Agency Lender or other Facility Mortgagee, including, without limitation, requirements that: (a) Tenant comply with the operational requirements set forth in the applicable Facility Mortgage Documents (including, without limitation, the obligations under any regulatory agreement or subordination agreement with an Agency Lender or other Facility Mortgagee), and (b) in lieu of any duplicate impound and/or reserve obligations hereunder, obligate Tenant to fund reserves with the Agency Lender or other Facility Mortgagee for taxes, insurance and/or capital improvement and repair obligations as may be required by said Agency Lender or other Facility Mortgagee. In the event any Agency Lender or other Facility Mortgagee requires, as a condition to making a Facility Mortgage, an intercreditor agreement with any receivables lender of Tenant, Tenant shall enter into any such intercreditor agreement and shall take all commercially reasonable efforts to cause said receivables lender to enter into such intercreditor agreement with said Agency Lender or other Facility Mortgagee on terms acceptable to said Agency Lender or other Facility Mortgagee.

16.4 Compliance with Facility Mortgage Documents. Tenant acknowledges that any Facility Mortgage Documents executed by Landlord or any Affiliate of Landlord may impose certain obligations on the "borrower" or other counterparty thereunder to comply with or cause the operator and/or lessee of any Facility to comply with all representations, covenants and warranties contained therein relating to such Facility and the operator and/or lessee of such Facility, including, covenants relating to (a) the maintenance and repair of such Facility; (b) maintenance and submission of financial records and accounts of the operation of such Facility and related financial and other information regarding the operator and/or lessee of such Facility and such Facility itself; (c) the procurement of insurance policies with respect to such Facility; (d) periodic inspection and access rights in favor of the Facility Mortgagee; and (e) without limiting the foregoing, compliance with all applicable Legal Requirements relating to such Facility and the operations thereof. For so long as any Facility Mortgages encumber any Facility or interest therein, Tenant covenants and agrees, at its sole cost and expense and for the express benefit of Landlord, to operate such Facility in compliance with the terms and conditions of the Facility Mortgage Documents (other than payment of any indebtedness evidenced or secured thereby) and to timely perform all of the obligations of Landlord relating thereto, or to the extent that any of such duties and obligations may not properly be performed by Tenant, Tenant shall cooperate with and assist Landlord in the performance thereof (other than payment of any indebtedness evidenced or secured thereby); provided, however, this Section 16.4 shall not be deemed to (i) impose on Tenant obligations which (A) increase Tenant's monetary obligations under this Lease, or (B) materially and adversely increase Tenant's non-monetary obligations under this Lease, or (ii) materially diminish Tenant's rights under this Lease. If any new Facility Mortgage Documents to be executed by Landlord or any Affiliate of Landlord would impose on Tenant any obligations under this Section 16.4, Landlord shall provide copies

of the same to Tenant for informational purposes (but not for Tenant's approval) prior to the execution and delivery thereof by Landlord or any Affiliate of Landlord.

ARTICLE XVII
ASSIGNMENT AND SUBLETTING

17.1 **Prohibition**. Except as otherwise set forth in this Article XVII, without the prior written consent of Landlord, which, except as otherwise set forth herein, may be withheld or conditioned in its sole and absolute discretion, Tenant shall not suffer or permit any Transfer (including, without limitation, a Transfer of this Lease or any interest herein) other than a Transfer that is expressly permitted pursuant to the terms of this Lease. Any such purported Transfer without Landlord's prior written consent (each an "**Unapproved Transfer**") shall be void and shall, at Landlord's sole option, constitute an Event of Default giving rise to Landlord's right, among other things, to terminate this Lease. If Landlord elects to waive its right to terminate this Lease as a result of any such Unapproved Transfer, this Lease shall continue in full force and effect; provided, however, that as of the date of such Unapproved Transfer, the Base Rent shall be increased by [redacted].

17.2 **Landlord Consent**. If Landlord consents to a Transfer, such Transfer shall not be effective and valid unless and until the applicable transferee executes and delivers to Landlord any and all documentation reasonably required by Landlord. Any consent by Landlord to a particular Transfer shall not constitute consent or approval of any subsequent Transfer, and Landlord's written consent shall be required in all such instances. Except as otherwise expressly agreed to in writing by Landlord, no consent by Landlord to any Transfer shall be deemed to release Tenant from its obligations hereunder and Tenant shall remain fully liable for payment and performance of all obligations under this Lease. Without limiting the generality of the foregoing, in connection with any sublease arrangement that has been approved by Landlord, as a condition precedent to any such approval, any such sublease agreement shall include provisions required by Landlord pertaining to protecting its status as a real estate investment trust.

17.3 **Transfers to Affiliates; Assignment to Approved Transferee; Parent Transfers**.

17.3.1 Notwithstanding Section 17.1 to the contrary, Tenant may, without Landlord's prior written consent, assign this Lease to a Person wholly (directly or indirectly) owned and Controlled by Tenant or Guarantor if all of the following are first satisfied: (a) such assignee fully assumes Tenant's obligations hereunder; (b) Tenant remains fully liable hereunder and Guarantor remains fully liable under the Guaranty; (c) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment and received an executed counterpart thereof; (d) Tenant delivers evidence to Landlord that such assignment is permissible under all applicable Authorizations or that all necessary consents have been obtained to consummate such assignment; and (e) Tenant and/or such assignee executes and delivers such other documents as may be reasonably required by Landlord to effectuate the assignment and continue the security interests and other rights of Landlord pursuant to this Lease or any other documents executed in connection herewith.

17.3.2 Notwithstanding Section 17.1 to the contrary, with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, Tenant may assign this Lease to an Approved Transferee if all of the following are satisfied:

(a) such Approved Transferee fully assumes, in writing, Tenant's obligations under this Lease;

(b) Both at the time Tenant seeks Landlord's consent to such assignment and as of the date of such assignment, no Event of Default shall have occurred and be continuing;

(c) Immediately following such assignment, Guarantor has sufficient assets and income, in Landlord's reasonable judgment, to bear the financial responsibilities of Guarantor under the Guaranty;

(d) Such assignment shall not (i) [redacted];

(e) Tenant shall have delivered to Landlord, for approval by Landlord in its reasonable discretion, all documentation relating to such assignment as Landlord may reasonably request;

(f) Landlord shall have been provided all information regarding the proposed Approved Transferee as Landlord has reasonably requested, and Landlord shall have been afforded sufficient time to review and evaluate such information and any other information and to make prudent and rational business decisions relating thereto; and

(g) Tenant shall pay (or reimburse Landlord), or cause to be paid or reimbursed, all reasonable out-of-pocket costs or expenses paid or incurred by Landlord, including reasonable fees of its advisors and representatives, including attorneys' fees, in connection with such assignment.

17.3.3 Notwithstanding anything in this Lease to the contrary, the Initial Parent Transfer shall be permitted without Landlord's prior written consent, provided Tenant notifies Landlord, in writing, of such Initial Parent Transfer at least five (5) days prior to the date on which such Initial Parent Transfer is to be effective. Said prior written notice shall include a reasonably detailed description of the Initial Parent Transfer and the parties involved, together with pre- and post-closing organizational charts and organizational documents (including all amendments and other modifications thereto) for Tenant, Guarantor and the owners of a majority of the direct or indirect ownership interest in Tenant or Guarantor. Except in connection with a permitted assignment of this Lease pursuant to Section 17.3.1 of this Lease or a sublease pursuant to Section 17.6 of this Lease, Tenant's rights under this Section 17.3.3 (that the Initial Parent Transfer shall not require Landlord's prior written consent): (i) are not transferable, assignable, or otherwise able to be conveyed in any manner whatsoever, in whole or in part, directly or indirectly, and such rights shall immediately terminate and be of no further force or effect upon any such purported transfer, assignment, or other conveyance, (ii) shall not survive, and shall terminate upon, any assignment, transfer, or other conveyance of Tenant's rights and obligations under this Lease, and (iii) do not apply to any other Transfer or Parent Transfer other than the Initial Parent Transfer and such rights shall automatically terminate and be of no further force or effect following the consummation of the Initial Parent Transfer.

17.3.4 Notwithstanding Section 17.1 to the contrary, with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, a Parent Transfer (other than the Initial Parent Transfer) shall be permitted if all of the following are satisfied:

(a) Both at the time Tenant seeks Landlord's consent to such Parent Transfer and as of the date of such Parent Transfer, no Event of Default shall have occurred and be continuing;

(b) Immediately following the Parent Transfer, Tenant, Guarantor and any Person in Control of Tenant and Guarantor (after taking into account any changes of ownership and/or structure occurring as part of the Parent Transfer) are all Approved Transferees;

(c) Immediately following the Parent Transfer, Guarantor has sufficient assets and income, in Landlord's reasonable judgment, to bear the financial responsibilities of Guarantor under the Guaranty;

(d) Such Parent Transfer shall not [redacted];

(e) Tenant and Guarantor shall have delivered to Landlord, for approval by Landlord in its reasonable discretion, all documentation relating to the applicable Parent Transfer as Landlord may reasonably request;

(f) Landlord shall have been provided all information regarding the proposed Parent Transfer and Approved Transferees as Landlord may reasonably request, and Landlord shall have been afforded sufficient time to review and evaluate such information and any other information and to make prudent and rational business decisions relating thereto; and

(g) Tenant shall pay (or reimburse Landlord), or cause to be paid or reimbursed, all documented and reasonable out-of-pocket costs or expenses paid or incurred by Landlord, including reasonable fees of its advisors and representatives, including reasonable attorneys' fees, in connection with such Parent Transfer.

17.4 Permitted Occupancy Agreements. [redacted] Without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall not materially change the form of resident occupancy agreement that was submitted to Landlord prior to the Commencement Date; provided, however, no consent will be required for changes required by applicable law, including applicable licensure laws, but all changes to the form of resident occupancy agreement will be provided to Landlord as and when such changes are made.

17.5 Costs. Tenant shall reimburse Landlord for Landlord's documented and reasonable costs and expenses incurred in conjunction with the processing and documentation of any assignment, master subletting or management arrangement, including reasonable attorneys' or other consultants' fees whether

or not such assignment, master sublease or management agreement is ultimately consummated or executed.

17.6 Subleases.

17.6.1 *Immaterial Commercial Subleases*. Tenant shall have the right to sublease a portion of any Facility without the prior consent of Landlord, provided that: (i) any such sublease is for a use ancillary and complimentary to the Facility's Primary Intended Use (such as a barber shop or physical therapy), (ii) any such sublease does not provide for any percentage rent (or if it does provide for percentage rent then such percentage rent is based on a percentage of the subtenant's gross revenues and not on a percentage of income, profits, any other amount other than gross revenues) and is otherwise in form and substance reasonably acceptable to Landlord, (iii) prior to the effectiveness of any such sublease, Landlord has reviewed and approved the form of Sublease and Tenant has caused the subtenant thereunder to enter into any commercially reasonable subordination agreements required by Landlord, and (iv) the aggregate amount of space sublet at any given Facility shall not exceed, in the aggregate, an amount equal to [redacted] of the rentable floor area of said Facility.

17.6.2 *Facility Subleases to Tenant Sublessees*. Tenant hereby agrees, that in connection with any sublease of a Facility by Tenant to a Tenant Sublessee, or in connection with any management agreement entered into between Tenant (or a Tenant Sublessee) and an affiliate of Tenant in connection with the day-to-day management of the Facilities, Tenant shall comply with the following terms and provisions and any failure by Tenant to comply with the following terms and provisions shall be an immediate Event of Default under this Lease:

(a) Tenant hereby agrees that in the event it desires to sublease a Facility to a Tenant Sublessee, then Tenant shall be required to comply with the following provisions before any such sublease shall be deemed approved or consented to by Landlord, which consent or approval is required pursuant to the terms of the Lease: (i) Tenant shall have provided a fully executed copy of any such sublease to Landlord, which sublease shall be in form and substance reasonably acceptable to Landlord; and (ii) Landlord, Tenant and each Tenant Sublessee shall have entered into a Subordination and Consent to Sublease Agreement in form and substance reasonably acceptable to Landlord.

(b) Tenant hereby agrees that in the event Tenant, or any Tenant Sublessee, desires to enter into a management agreement with respect to the day-to-day operations of a Facility then Tenant, the applicable Tenant Sublessee (if applicable), and any such management entity shall be required to comply with the following provisions before any such management agreement shall be deemed approved or consented to by Landlord, which consent or approval is required pursuant to the terms of this Lease: (i) Landlord shall have received an executed copy of any such management agreement, which management agreement shall be in form and substance reasonably acceptable to Landlord; and (ii) Landlord, Tenant, and each Tenant Sublessee (if applicable) and the applicable management entity shall have entered into a Subordination and Consent to Management Agreement in form and substance reasonably acceptable to Landlord.

ARTICLE XVIII
CERTAIN RIGHTS OF LANDLORD

18.1 Right of Entry. Landlord and its representatives may enter on any Facility at any reasonable time after reasonable notice to Tenant to inspect such Facility for compliance to this Lease, to exhibit such Facility for sale, lease or mortgaging, or for any other reason; provided, however, that no such notice shall be required in the event of an emergency, upon an Event of Default or to post notices of

non-responsibility under any mechanic's or materialman's lien law. Provided no Event of Default then exists and is continuing, and provided such entry is not in connection with an emergency, Tenant shall have a right to have a representative present during such entry. No such entry shall unreasonably interfere with residents, patients, patient care or the operations of such Facility.

18.2 Conveyance by Landlord. If Landlord or any successor owner of any Facility shall convey such Facility other than as security for a debt, Landlord or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of the Landlord under this Lease arising or accruing from and after the date of such conveyance or other transfer and, subject to Section 16.2, all such future liabilities and obligations shall thereupon be binding upon the new owner.

18.3 Granting of Easements, etc. Landlord may, from time to time, with respect to each Facility: (a) grant easements, covenants and restrictions, and other rights in the nature of easements, covenants and restrictions, (b) release existing easements, covenants and restrictions, or other rights in the nature of easements, covenants or restrictions, that are for the benefit of such Facility, (c) dedicate or transfer unimproved portions of such Facility for road, highway or other public purposes, (d) execute petitions to have such Facility annexed to any municipal corporation or utility district, (e) execute amendments to any easements, covenants and restrictions affecting such Facility and (f) execute and deliver to any Person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers (to the extent of its interests in such Facility) without the necessity of obtaining Tenant's consent provided that such easement or other instrument or action contemplated by this Section 18.3 does not unreasonably interfere with or adversely affect Tenant's operations at such Facility. Prior to the execution, delivery or taking of any such easement, covenant or restriction affecting Tenant's occupancy or use of any Facility, Landlord shall provide Tenant with a description of the easement, covenant or restriction and a survey or reasonably accurate drawing showing its location or impact on the affected Facility and such other information as Tenant may reasonably request to determine its impact on the affected Facility. Notwithstanding anything in this Lease to the contrary, Landlord hereby reserves the right to enter into any sublease, license agreement, easement or other agreement pursuant to which a third party is given the right to access, maintain, or operate an antenna, cell tower, satellite dish, or other communication or telecommunication equipment on the Premises. Any license fees, rent, or other consideration received on account of any such agreement shall be payable to Landlord.

ARTICLE XIX
ENVIRONMENTAL MATTERS

19.1 Hazardous Materials. Tenant shall not allow any Hazardous Materials to be located in, on, under or about any Facility or incorporated in any Facility; provided, however, that Hazardous Materials may be brought, kept, used or disposed of in, on or about a Facility in quantities and for purposes similar to those brought, kept, used or disposed of in, on or about similar facilities used for purposes similar to such Facility's Primary Intended Use and which are brought, kept, used and disposed of in compliance in all material respects with all Hazardous Materials Laws.

19.2 Notices. Tenant shall advise Landlord in writing of the following, promptly after learning of such events or conditions: (a) any Environmental Activities in violation in any material respect of any Hazardous Materials Laws; (b) any Hazardous Materials Claims against Tenant or any Facility; (c) any remedial action taken by Tenant in response to any Hazardous Materials Claims or any Hazardous Materials on, under or about any Facility in violation of any Hazardous Materials Laws; (d) Tenant's discovery of any occurrence or condition on or in the vicinity of any Facility that materially increase the risk that such Facility will be exposed to Hazardous Materials; and (e) all material, non-routine communications to or from Tenant, any governmental authority or any other Person relating to

Hazardous Materials Laws or Hazardous Materials Claims with respect to any Facility, including copies thereof.

19.3 **Remediation**. If Tenant becomes aware of a violation of any Hazardous Materials Laws relating to any Hazardous Materials in, on, under or about any Facility or any adjacent property, or if Tenant, Landlord or any Facility becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise remediate any Facility or any property adjacent thereto, Tenant shall promptly notify Landlord of such event and, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation in accordance with all applicable Legal Requirements and subject to Landlord's prior approval (not to be unreasonably withheld, conditioned or delayed) as to scope, process, content and standard for completion; provided, however, Tenant shall have no obligation to repair, close, detoxify, decontaminate or otherwise remediate any property adjacent to any Facility where the Hazardous Materials in, on, under or about such property did not originate at any Facility. If Tenant fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Landlord shall have the right, but not the obligation, after providing Tenant with ten (10) business days advance written notice, to carry out such action and to recover from Tenant all of Landlord's costs and expenses reasonably incurred in connection therewith.

19.4 [redacted]

19.5 **Environmental Inspections**. Landlord shall have the right, from time to time, during normal business hours and upon not less than five (5) days written notice to Tenant, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of any Facility to determine Tenant's compliance with this Article XIX. Such inspection may include such testing, sampling and analyses as Landlord deems reasonably necessary and may be performed by experts retained by Landlord. All costs and expenses incurred by Landlord under this 19.5 shall be paid on demand by Tenant; provided, however, absent reasonable grounds to suspect Tenant's breach of its obligations under this Article XIX, Tenant shall not be required to pay for more than one (1) such inspection in any two (2) year period with respect to each Facility.

19.6 **Extension of Term**. Notwithstanding any other provision of this Lease to the contrary, if any Hazardous Materials are discovered on, under or about any portion of the Premises in violation of any Hazardous Materials Law, at Landlord's option, in its discretion, the Term shall be automatically extended and this Lease shall remain in full force and effect until the earlier to occur of the completion of all remedial action or monitoring, as approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed), in accordance with all Hazardous Materials Laws and the provisions of

this Article XIX, or the date specified in a notice from Landlord to Tenant terminating this Lease (which date may be subsequent to the date upon which the Term was to have expired).

ARTICLE XX
LANDLORD'S SECURITY INTEREST

20.1 Grant of Security Interest. For the purpose of securing the payment and performance obligations of Tenant hereunder, Tenant, as debtor, hereby grants to Landlord, as secured party, a security interest in and an express contractual lien upon, all of Tenant's right, title and interest in and to the Property Collateral, Accounts Collateral and Authorization Collateral (collectively, the "**Lease Collateral**"). This Lease constitutes a security agreement covering all such Lease Collateral. Concurrent with the date hereof, Landlord will file with the state of California a UCC-1 financing statement, in a form reasonably approved by Tenant, perfecting Landlord's security interest in the Lease Collateral (the "**UCC Financing Statement**"). This security interest and agreement shall survive the termination of this Lease resulting from an Event of Default. Tenant shall pay all filing and reasonable record search fees and other costs for such additional security agreements, financing statements, fixture filings and other documents as Landlord may reasonably require to perfect or continue the perfection of its security interest. Additionally, Tenant shall promptly execute such other separate security agreements with respect to the Lease Collateral as Landlord may request from time to time to further evidence the security interest in the Lease Collateral created by this Lease. Tenant shall keep all Lease Collateral free and clear of all Liens other than Liens in favor of Landlord and as permitted pursuant to Section 20.2. With respect to any of the Lease Collateral now owned or acquired by Tenant during the Term, this security interest and agreement shall survive the termination of this Lease. Additionally, Tenant shall promptly execute such other separate security agreements with respect to the Lease Collateral as Landlord may request from time to time to further evidence the security interest in the Lease Collateral created by this Lease.

20.2 Accounts Receivable Financing. [redacted]

20.3 Certain Changes. In no way waiving or modifying the provisions of Article XVII above, Tenant shall give Landlord at least thirty (30) days' prior written notice of any change in Tenant's principal place of business, name, identity, jurisdiction of organization or corporate structure.

ARTICLE XXI
QUIET ENJOYMENT

So long as Tenant shall pay the Rent as the same becomes due and shall fully comply with all of the terms of this Lease and fully perform its obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy each Facility for the Term, free of any claim or other action by Landlord or anyone claiming by, through or under Landlord, but subject to all liens and encumbrances of record as of the Commencement Date or thereafter provided for in this Lease or consented to by Tenant.

ARTICLE XXII
REIT RESTRICTIONS

22.1 **Characterization of Rents**. The parties hereto intend that Rent and other amounts paid by Tenant hereunder will qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto and this Agreement shall be interpreted consistent with this intent

22.2 **General REIT Provisions**. Tenant understands that, in order for Landlord, or any Affiliate of Landlord that is a "real estate investment trust" within the meaning of Section 856 of the Code (a "**REIT**"), to qualify as a REIT, certain requirements must be satisfied, including the provisions of Section 856 of the Code. Accordingly, Tenant agrees, and agrees to cause its Affiliates, permitted subtenants, if any, and any other parties subject to its control by ownership or contract, to reasonably cooperate with Landlord to ensure that such requirements are satisfied, including providing Landlord or any of its Affiliates with information about the ownership of Tenant and its Affiliates. Tenant agrees, and agrees to cause its Affiliates, upon request by Landlord or any of its Affiliates, to take all action reasonably necessary to ensure compliance with such requirements.

22.3 **Prohibited Transactions**. [redacted]

22.4 **Personal Property REIT Requirements**. Notwithstanding anything to the contrary herein, upon request of Landlord, Tenant shall use commercially reasonable efforts to cooperate with Landlord in good faith and provide such documentation and/or information as may be in Tenant's possession or under Tenant's control and otherwise readily available to Tenant regarding the valuation of the Premises to assist Landlord in its determination that Rent allocable for purposes of Section 856 of the Code to the Landlord Personal Property at the beginning and end of a calendar year does not exceed [redacted]

of the total Rent due hereunder (the "**Personal Property REIT Requirement**"). Tenant shall take such reasonable action as may be requested by Landlord from time to time to ensure compliance with the Personal Property REIT Requirement as long as such compliance does not (a) increase Tenant's monetary obligations under this Lease, (b) materially and adversely increase Tenant's non-monetary obligations under this Lease or (c) materially diminish Tenant's rights under this Lease. Accordingly, if requested by Landlord and at Landlord's expense, Tenant shall reasonably cooperate with Landlord as may be necessary from time to time to more specifically identify and/or value the Landlord Personal Property in connection with the compliance with the Personal Property REIT Requirement.

ARTICLE XXIII
NOTICES

All notices and demands, certificates, requests, consents, approvals and other similar instruments under this Lease shall be in writing and sent by personal delivery, U. S. certified or registered mail (return receipt requested, postage prepaid) or FedEx or similar generally recognized overnight carrier regularly providing proof of delivery, addressed as follows:

If to Tenant:

c/o Covenant Care

[redacted]

If to Landlord:

c/o CareTrust REIT, Inc.

[redacted]

With a copy to:

[redacted]

With a copy to:

[redacted]

With a copy to:

[redacted]

A party may designate a different address by notice as provided above. Any notice or other instrument so delivered (whether accepted or refused) shall be deemed to have been given and received on the date of delivery established by U.S. Post Office return receipt or the carrier's proof of delivery or, if not so delivered, upon its receipt. Delivery to any officer, general partner or principal of a party shall be deemed delivery to such party. Notice to any one co-Tenant shall be deemed notice to all co-Tenants.

ARTICLE XXIV
MISCELLANEOUS

24.1 **Memorandum of Lease**. Landlord and Tenant shall, promptly upon the request of either, enter into a short form memorandum of this Lease, in form suitable for recording under the laws of the applicable Situs State. Tenant shall pay all costs and expenses of recording any such memorandum

and shall fully cooperate with Landlord in removing from record any such memorandum upon the expiration or earlier termination of the Term.

24.2 **No Merger**. There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (b) the fee estate in the Premises.

24.3 **No Waiver**. No failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right, power or remedy hereunder and no acceptance of full or partial payment of Rent during the continuance of any Event of Default shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

24.4 **Acceptance of Surrender**. No surrender to Landlord of this Lease or any Facility, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord, and no act by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, shall constitute an acceptance of any such surrender.

24.5 **Attorneys' Fees**. If Landlord or Tenant brings an action or other proceeding against the other to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Lease, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding and any appeal thereupon shall be paid all of its reasonable and documented out-of-pocket costs and reasonable and documented outside attorneys' fees incurred therein.

24.6 **Brokers**. Landlord and Tenant each warrants to the other that it has not had any contact or dealings with any Person which would give rise to the payment of any fee or brokerage commission in connection with this Lease, and each shall indemnify, protect, hold harmless and defend the other from and against any liability for any fee or brokerage commission arising out of any act or omission of such indemnifying party.

24.7 **Severability**. If any term or provision of this Lease or any application thereof shall be held invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby.

24.8 **Non-Recourse**. Tenant specifically agrees to look solely to the Premises for recovery of any judgment from Landlord; provided, however, the foregoing is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord, or any action not involving the personal liability of Landlord. Furthermore, in no event shall Landlord be liable to Tenant for any indirect or consequential damages suffered by Tenant from whatever cause.

24.9 **Successors and Assigns**. This Lease shall be binding upon Landlord and its successors and assigns and, subject to the provisions of Article XVII, upon Tenant and its successors and assigns.

24.10 **Governing Law; Jury Waiver**. This Lease shall be governed by and construed and enforced in accordance with the internal laws of the State of California without regard to the conflict of laws rules thereof. **EACH PARTY HEREBY WAIVES ANY RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER IN CONNECTION WITH ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, INCLUDING RELATIONSHIP OF THE PARTIES, TENANT'S USE AND OCCUPANCY OF THE PREMISES, OR ANY**

CLAIM OF INJURY OR DAMAGE RELATING TO THE FOREGOING OR THE ENFORCEMENT OF ANY REMEDY.

24.11 Entire Agreement. This Lease constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be changed or modified except by an agreement in writing signed by the parties. Landlord and Tenant hereby agree that all prior or contemporaneous oral understandings, agreements or negotiations relative to the leasing of the Premises are merged into and revoked by this Lease. All exhibits and schedules to this Lease are hereby incorporated herein by this reference.

24.12 Headings. All titles and headings to sections, articles or other subdivisions of this Lease are for convenience of reference only and shall not in any way affect the meaning or construction of any provision.

24.13 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by telecopier, email or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

24.14 Joint and Several. If more than one Person is the Tenant under this Lease, the liability of such Persons under this Lease shall be joint and several.

24.15 Interpretation; Relationship.

24.15.1 Both Landlord and Tenant have been represented by counsel and this Lease and every provision hereof has been freely and fairly negotiated. Consequently, all provisions of this Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party. Whenever the words "including", "include" or "includes" are used in this Lease, they shall be interpreted in a non-exclusive manner as though the words "without limitation" immediately followed. Whenever the words "herein," "hereof" and "hereunder" and other words of similar import are used in this Lease, they shall be interpreted to refer to this Lease as a whole and not to any particular article, section or other subdivision. Whenever the words "day" or "days" are used in this Lease, they shall mean "calendar day" or "calendar days" unless expressly provided to the contrary. All references in this Lease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease.

24.15.2 The relationship between Landlord and Tenant shall be that of landlord-tenant only. No term in this Lease and no course of dealing between the parties shall be deemed to create any relationship of agency, partnership, joint venture, tenancy in common or joint tenancy or any fiduciary duty by Landlord to 'Tenant or any other party.

24.16 Time of Essence. Time is of the essence of this Lease and each provision hereof in which time of performance is established and whenever action must be taken (including the giving of notice or the delivery of documents) hereunder during a certain period of time or by a particular date that ends or occurs on a day that is not a Business Day, then such period or date shall be extended until the immediately following Business Day.

24.17 Further Assurances. The parties agree to promptly sign all documents reasonably requested by the other party to give effect to the provisions of this Lease.

24.18 Identified Repairs. Tenant shall, at its sole cost and expense, cause the repairs and/or maintenance items identified on Schedule 5 attached hereto to be completed on or before the date that is six (6) months following the Commencement Date.

24.19 California Specific Provisions.

24.19.1 In addition to and not in limitation of any other waiver contained herein, Tenant hereby voluntarily waives the provisions of California Civil Code §1950.7 and all other provisions of law now in force or that become in force hereafter that provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in payment of accrued Rent, to repair damage caused by Tenant or to clean the Premises. If the LC Election has been made, Landlord and Tenant acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including California Civil Code §1950.7 or any similar or successor statute.

24.19.2 In addition to and not in limitation of any other waiver contained herein, Tenant hereby voluntarily waives the provisions of California Civil Code §§1941 and 1942 and all other provisions of law now in force or that become in force hereafter that provide Tenant the right to make repairs at Landlord's expense and to deduct the expense of such repairs from Rent owing hereunder.

24.19.3 In addition to and not in limitation of any other waiver contained herein, Tenant hereby voluntarily waives any and all rights that Tenant may have under Legal Requirements to terminate this Lease prior to the Expiration Date, including, without limitation:

(a) the provisions of California Civil Code §1932(1) and all other provisions of law now in force or that become in force hereafter that provide Tenant the right to terminate this Lease if Landlord breaches its obligation, if any, as to placing and securing Tenant in the quiet possession of the Premises, putting the Premises in good condition or repairing the Premises;

(b) the provisions of California Civil Code §§1932(2) and 1933(4) and all other provisions of law now in force or that become in force hereafter that would permit or cause a termination of this Lease or an abatement of Rent upon damage to or destruction of the Premises, it being agreed and acknowledged that Article XI constitutes an express agreement between Landlord and Tenant that applies in the event of any such damage to or destruction of the Premises; and

(c) the provisions of California Code of Civil Procedure §1265.130 and all other provisions of law now in force or that become in force hereafter that would allow Tenant to petition the courts to terminate this Lease in the event of a Partial Taking.

24.19.4 Landlord and Tenant hereby agree and acknowledge that Article XII provides for Landlord's and Tenant's respective rights and obligations in the event of a Condemnation of any Facility and, in addition to and not in limitation of any other waiver contained herein, each hereby voluntarily waives the application of the provisions of California Code of Civil Procedure §§1265.110-1265.160 to this Lease.

24.19.5 In addition to and not in limitation of any other waiver contained herein, Tenant hereby voluntarily waives the provisions of any and all rights conferred by California Civil Code §3275 and California Code of Civil Procedure §§473, 1174 and 1179 and all other provisions of law now in

force or that become in force hereafter that provide Tenant the right to redeem, reinstate or restore this Lease following its termination by reason of Tenant's breach.

24.19.6 Landlord and Tenant hereby agree that when this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by California Code of Civil Procedure §1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner required by Article XXIII shall replace and satisfy the statutory service-of-notice procedures, including those required by California Code of Civil Procedure §1162 or any similar or successor statute.

24.19.7 In addition to, and not in substitution of, any of the remedies otherwise available to Landlord under this Lease following the occurrence of an Event of Default, Landlord shall have the remedy described in California Civil Code §1951.4, which provides that Landlord may continue this Lease in full force and effect after Tenant's breach and abandonment and enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. Notwithstanding Landlord's exercise of the remedy described in California Civil Code §1951.4, Landlord may thereafter elect, in its sole discretion, to exercise any other remedy provided for in this Lease, including, without limitation, the right to terminate this Lease as provided in Section 13.2.1 above.

24.19.8 If Landlord elects to terminate this Lease pursuant to Section 13.2.1 above following the occurrence of an Event of Default, then, notwithstanding anything to the contrary herein, Landlord shall be entitled to recover from Tenant all of the following:

(a) The worth at the time of award (defined below) of the unpaid Rent earned at the time of such termination;

(b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss which Tenant proves could have been reasonably avoided;

(c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could reasonably be avoided;

(d) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease, or which, in the ordinary course of things, would likely result therefrom, including brokers' commission, cost of tenant improvements, and attorneys' fees; and

(e) Any other amounts, in addition to or in lieu of those listed above, that may be permitted under the applicable Legal Requirements.

The "worth at the time of the award" of the amount(s) referred to in (x) Sections 24.19.8(a) and 24.19.8(b) shall be computed by [redacted] and (y) Section 24.19.8(c) shall be computed by [redacted].

24.19.9 As of the date of this Lease, no Facility has undergone inspection by a "Certified Access Specialist" in connection with California Civil Code §1938.

24.19.10 Tenant agrees to reasonably cooperate with Landlord in connection with any energy usage reporting requirements to which Landlord is subject under applicable Legal Requirements with respect to the Facilities.

24.19.11 In connection with any Alterations or other modifications, capital repairs, or improvements made by or on behalf of Tenant to any Facility, Tenant shall (and all such Alterations, modifications, capital repairs, or improvements shall) comply in all material respects with all permitting, preapproval, standards, rules, regulations, and requirements imposed by the Office of Statewide Health Planning and Development ("**OSHPD**") together with all other Legal Requirements imposed by OSHPD or any other Governmental Authority. [redacted]

24.20 Excess Beds.

24.20.1 For the avoidance of doubt, Tenant hereby acknowledges and agrees that all of the bed rights (whether related to a bed that is in service or not at any given time) associated with the operating licenses and other Authorizations for each Facility are owned by, and are the property of, Landlord and are appurtenant to the applicable Facility where located, notwithstanding that the rights to operate such beds may be held in Tenant's name under Tenant's Authorizations to operate a Facility. Throughout the Term (including any Extension Term), Tenant shall maintain and preserve all of the bed rights associated with the Authorizations for each Facility, including without limitation (i) bed rights that are "banked," suspended or on similar status, and (ii) rights to currently or historically unused, non-operational or excess beds (collectively herein, and together with the bed rights associated with any such beds, "**Excess Beds**"). Tenant shall not commit any act or omission that would reasonably be expected to result in the sale, transfer, suspension, revocation, decertification or other material limitation of all or any portion of the bed rights associated with the operating licenses and other Authorizations for each Facility.

24.20.2 Landlord may, at any time and from time to time, upon written notice to Tenant (an "**Excess Bed Notice**") require Tenant (at no material expense to Tenant, and without compensation to Tenant) to cooperate in reactivating and transferring some or all of the Excess Beds at any Facility to any Person designated by Landlord, including without limitation the execution and delivery of an amendment to this Lease withdrawing the Excess Beds herefrom (and terminating this Lease with respect to such Excess Beds). In the event that Tenant wishes to redeploy the Excess Beds that are the subject of an Excess Bed Notice itself and place them back into productive service for its own account at a Facility, it shall provide Landlord, within ten (10) Business Days of receipt of Landlord's Excess Bed Notice, with (a) written notice of its request to redeploy such Excess Beds scheduled to be transferred, together with (b) a reasonably detailed description of its proposed plans and timeline for doing so and including, without limitation, detailed financial projections showing the financial impact redeployment of such Excess Beds will have on the applicable Facilities. Tenant's redeployment request and the plans, timeline, and projections submitted in connection therewith shall be subject to Landlord's approval, which shall not be unreasonably withheld, conditioned, or delayed. If approved, Tenant shall thereafter have ninety (90) days from receipt of Landlord's approval to initiate and make reasonable progress toward the accomplishment of such plans and timeline. If (x) Tenant fails to timely give notice of its intent to redeploy the Excess Beds, (y) Tenant does not, in the reasonable judgment of Landlord, make adequate progress on its redeployment plan and timeline by the ninetieth (90^{th}) day following Landlord's approval, or (z) Landlord reasonably denies its approval of Tenant's plan and timeline, then Landlord shall have the right to proceed with the transfer described in the Excess Bed Notice and Tenant shall cooperate therewith

as outlined herein. From and after the completion of any such transfer, Tenant shall be relieved of all obligations to maintain and preserve the bed rights in the transferred Excess Beds.

24.20.3 Without limiting Landlord's rights under Sections 24.20.1 and 24.20.2, during the Term Tenant may submit a written request to Landlord requesting Landlord's approval, which shall not be unreasonably withheld, conditioned, or delayed to Tenant redeploying Excess Beds and placing them back into productive service at one or more Facilities. Said written notice shall include a detailed description of Tenant's proposed plans and timeline for redeploying said Excess Beds and shall also include detailed financial projections showing the financial impact of such redeployment. In the event Landlord approves of any such redeployment, all documented and reasonable costs in connection therewith shall be borne exclusively by Tenant.

[Signature page follows]

IN WITNESS WHEREOF, this Lease has been executed by Landlord and Tenant as of the date first written above.

TENANT:

COVENANT CARE MASTER WEST, LLC,
a California limited liability company

By: _____
Name: Kevin Carney
Title: Chief Financial Officer

[Signatures continue on next page]

LANDLORD:

CTR PARTNERSHIP, L.P.,
a Delaware limited partnership

By: **CARETRUST GP, LLC**,
a Delaware limited liability company
Its: general partner

By: **CARETRUST REIT, INC.**,
a Maryland corporation,
its sole member

By: _____
Gregory K. Stapley, President

JOINDER

Covenant Care, LLC, a Delaware limited liability company, as Guarantor, hereby joins in this Lease for the limited purpose of assuming and agreeing to be bound by the obligations contained in Sections 1.1, 6.5, 6.7, 17.3, and 19.4.

COVENANT CARE, LLC,
a Delaware limited liability company

By: _____
Name: Kevin Carney
Title: Chief Financial Officer

EXHIBIT A

DEFINED TERMS

For all purposes of this Lease, except as otherwise expressly provided in the Lease or unless the context otherwise requires, the following terms have the meanings assigned to them in this exhibit and include the plural as well as the singular:

[redacted]

"**Access Laws**" has the meaning set forth in Section 6.14.

"**Accounts Collateral**" means, collectively, all of the following: (i) all of the accounts, accounts receivable, payment intangibles, health-care-insurance receivables and any other right to the payment of money in whatever form, of any of the Tenant Sublessees, or any other indebtedness of any Person owing to any of the Tenant Sublessees (whether constituting an account, chattel paper, document, instrument or general intangible), whether presently owned or hereafter acquired, arising from the provision of merchandise, goods or services by any Tenant Sublessee, or from the operations of any Tenant Sublessee at each Facility, including, without limitation, the right to payment of any interest or finance charges and other obligations with respect thereto; (ii) all of the rights, titles and interests of any of the Tenant Sublessees in, to and under all supporting obligations and all other liens and property subject thereto from time to time securing or purporting to secure any such accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness owing to any of the Tenant Sublessees; (iii) all of the rights, titles and interests of any of the Tenant Sublessees in, to and under all guarantees, indemnities and warranties, letter-of-credit rights, supporting obligations, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness owing to any of the Tenant Sublessees; (iv) all of the now owned or hereafter acquired deposits of any of the Tenant Sublessees representing proceeds from accounts and any deposit account into which the same may be deposited, all other cash collections and other proceeds of the foregoing accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness (including, without limitation, late charges, fees and interest arising thereon, and all recoveries with respect thereto that have been written off as uncollectible), and all deposit accounts into which the same are deposited; (v) all proceeds (whether constituting accounts, chattel paper, documents, instruments or general intangibles) with respect to the foregoing; and (vi) all books and records with respect to any of the foregoing.

"**Actual Capital Expenditures Amount**" has the meaning set forth in Section 7.6.

"**Additional Deposit**" has the meaning set forth in Section 6.12.1.

"**Additional Rent**" has the meaning set forth in Section 2.2.

"**Affiliate**" means with respect to any Person, any other Person which Controls, is Controlled by or is under common Control with the first Person.

[redacted]

"**Agreed Rate**" means, on any date, a rate equal to [redacted] per annum above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law. Interest at the aforesaid rates shall be determined for actual days elapsed based upon a 360 day year.

"**Alterations**" means, with respect to each Facility, any alteration, improvement, exchange, replacement, modification or expansion of the Leased Improvements or Fixtures at such Facility.

"**Approved Capital Improvement Project**" has the meaning set forth in Section 7.7.

"**Approved Transferee**" shall mean a Person that, at the date of determination and as reasonably determined by Landlord:

(i) is a reputable person or entity of good character and has a general business and operating reputation for providing quality healthcare services reasonably compatible with the services required to be provided by Tenant under this Lease;

(ii) has sufficient assets, operating experience and history to bear and perform the financial and other responsibilities of Tenant under this Lease and, with respect to any Approved Transferee that is to become a Guarantor, to bear and perform the financial and other responsibilities of such Guarantor under its Guaranty;

(iii) (A) has not, and neither have any of its Affiliates: (1) had any license or certification to operate any healthcare facility or any other similar business revoked by any governmental authority, (2) been found by a court of competent jurisdiction to have been grossly negligent or to have committed willful or intentional misconduct in any lawsuit alleging any wrongdoing by such Person relating to resident or patient care, (3) been excluded from providing services in connection with the operation of any healthcare facility or any other similar business by any applicable state healthcare licensing authority, or (4) been excluded or restricted from participation in the Medicare or Medicaid program or any state healthcare program, and (B) has not, and neither have any of its Affiliates, or any of such Person's or its Affiliates' senior officers, directors, shareholders or members, been the subject of a pending investigation or proceeding within the past 5 years (x) that, if pending, is reasonably likely to result in any of the foregoing or (y) that materially adversely affects the reputation of any persons or entities in any group that Controls such Person or is an indicator of poor character;

(iv) has not, and neither has any of its Affiliates: (A) made an assignment of all or substantially all of its property for the benefit of creditors, (B) had a receiver, trustee or liquidator appointed for any of its property (unless such appointment was discharged within 90 days after the date of such appointment), (C) filed a voluntary petition under any federal bankruptcy law or state law to be adjudicated as bankrupt or for any arrangement or other debtor's relief, or (D) had an involuntary filing of such a petition against any such Person by any other Person (unless such petition was dismissed within 90 days after filing);

(v) would not, following any Parent Transfer, together with its Affiliates, be deemed "material" in connection with CTRE's disclosure obligations under any state or federal securities reporting laws; and

(vi) [redacted]

"**Authorization**" means, with respect to each Facility, any and all licenses, permits, certifications, accreditations, Provider Agreements, CONs, certificates of exemption, approvals, waivers, variances and other governmental or "quasi-governmental" authorizations necessary or advisable for the use of such Facility for its Primary Intended Use and receipt of reimbursement or other payments under any Third Party Payor Program in which such Facility participates.

"**Authorization Collateral**" means any Authorizations issued or licensed to, or leased or held by, Tenant.

"**Bankruptcy Action**" means, with respect to any Person, (i) such Person filing a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law; (ii) the filing of an involuntary petition against such Person under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law which is not dismissed within sixty (60) days of the filing thereof, or soliciting or causing to be solicited petitioning creditors for any involuntary petition against such Person; (iii) such Person filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; (iv) such Person seeking, consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for such Person or any portion of the Facility; (v) such Person making an assignment for the benefit of creditors; or (vi) such Person taking any action in furtherance of any of the foregoing.

"**Bankruptcy Code**" means 11 U.S.C. § 101 *et seq*., as the same may be amended from time to time.

"**Base Rent**" has the meaning set forth in Section 2.1.1.

"**Business Day**" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of New York, New York, are authorized, or obligated, by law or executive order, to close.

"**Capital Alterations**" means any Alteration for which the budgeted cost exceeds [redacted].

"**Capital Expenditures**" mean, with respect to each Facility, repairs, replacements and improvements to such Facility (other than the Landlord Personal Property) that (i) constitute capital expenditures in accordance with GAAP and (ii) have been completed in a good, workmanlike and lien free fashion and in compliance in all material respects with all Legal Requirements and the terms of Sections 7.4 and 7.5 applicable to any Alterations. Capital Expenditures shall not include (a) expenses related to routine repairs and maintenance, (b) purchases of office equipment, or (c) any other expenditures reasonably determined by Landlord to be inappropriately characterized as a "capital expenditure".

"**Capital Expenditures Deposit**" has the meaning set forth in Section 7.6.

"**Capital Expenditures Report**" has the meaning set forth in Section 7.6.

"**Cash Flow**" shall mean the aggregate net income of Tenant attributable to the operation of the Facilities as reflected on the income statement of Tenant, plus (i) the provision for depreciation and amortization in such income statement, plus (ii) the provision for management fees in such income statement, plus (iii) the provision for income taxes in such income statement, plus (iv) the provision for Base Rent payments and interest and lease payments, if any, relating to the Facilities in such income statement, plus (v) the provision for any other non-operating items in such income statement, and minus (vi) an imputed management fee equal to [redacted] of gross revenues of the Facilities (net of contractual allowances).

"**Change in Control**" means that Centre Partners Management LLC (or its Affiliates) shall cease to directly or indirectly Control: Guarantor, Covenant Care California, the Tenant, or any Tenant Sublessee.

"**Closure Notice**" means a written notice delivered by Landlord to Tenant pursuant to which Landlord notifies Tenant that Tenant may commence a Facility Termination as to a particular Facility or Facilities.

"**CMS**" means the United States Department of Health, Centers for Medicare and Medicaid Services or any successor agency thereto.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commencement Date**" has the meaning set forth in Section 1.5.

[redacted]

"**Complete Taking**" means the Condemnation of all or substantially all of a Facility or a Condemnation that results in a Facility no longer being capable of being operated for its Primary Intended Use.

"**CON**" means, with respect to each Facility, a certificate of need or similar permit or approval (not including conventional building permits) from a Governmental Authority related to (i) the construction and/or operation of such Facility for the use of a specified number of beds in a nursing facility, assisted living facility, senior independent living facility and/or rehabilitation hospital, or (ii) the alteration of such Facility or (iii) the modification of the services provided at such Facility used as a nursing facility, assisted living facility, senior independent living facility and/or rehabilitation hospital.

"**Condemnation**" means the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

"**Condemnor**" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

"**Control**", together with the correlative terms "**Controlled**" and "**Controls**," means, as applied to any Person, means and refers to the possession of either: (i) the power to vote, or beneficial ownership of, 51% or more of any class of voting securities (or other ownership interest) of such Person, or (ii) the power to direct or cause the direction of the management and powers of such Person, whether as a manager, managing member, by contract or otherwise.

"**Covenant Care California**" means Covenant Care California, LLC, a California limited liability company. As of the Commencement Date, Covenant Care California is the direct owner of 100% of the membership interests in Tenant.

"**CPI**" means the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, United States Average, Subgroup "All Items" (1982 - 1984 = 100). If the foregoing index is discontinued or revised during the Term, the governmental index or computation with which it is replaced shall be used to obtain substantially the same result as if such index had not been discontinued or revised.

"**CPI Increase**" means the percentage increase (but not decrease) in (i) the CPI in effect as of the date that is the first day of the calendar month that is sixty (60) days prior to the beginning of each Lease Year, over (ii) the CPI in effect as of the date that is the first day of the calendar month that is sixty (60) days prior to the beginning of the immediately preceding Lease Year.

"**Debt**" For any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit or for the deferred purchase price of property for which such Person or its assets is liable; (ii) all unfunded amounts under a loan agreement, letter of credit or other credit facility for which such Person would be liable if such amounts were advanced thereunder; (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests; (iv) all indebtedness guaranteed by such Person, directly or indirectly; (v) all obligations under leases that constitute capital leases for which such Person is liable; (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss; (vii) off-balance sheet liabilities of such Person; and (viii) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business.

"**Eligible Accounts**" means all accounts receivable of Tenant (or any subtenant, as applicable) for services rendered for which Medicare and Medicaid is the account debtor, net of any and all interest, finance charges, sales tax, fees, returns, discounts, claims, credits, charges, contra accounts, exchange contracts or other allowances, offsets and rights of offset, deductions, counterclaims, disputes, rejections, shortages, or other defenses, and all credits owed or allowed by Tenant (or any subtenant, as applicable) upon any of such accounts.

"**Environmental Activities**" mean, with respect to each Facility, the use, generation, transportation, handling, discharge, production, treatment, storage, release or disposal of any Hazardous Materials at any time to or from such Facility or located on or present on or under such Facility.

"**Event of Default**" has the meaning set forth in Section 13.1.

"**Excess Capital Expenditures Amount**" has the meaning set forth in Section 7.6.

[redacted]

"**Excluded Tenant Personal Property**" means: [redacted]; and (3) any personal property owned by any resident of any Facility.

"**Expiration Date**" means the Initial Expiration Date, as may be extended pursuant to Section 1.5.

"**Extension Notice**" has the meaning set forth in Section 1.5.

"**Extension Term**" has the meaning set forth in Section 1.5.

"**Facility**" means each healthcare facility located on the Premises, as identified on Schedule 1 attached hereto, including, where the context requires, the Land, Leased Improvements, Intangibles and Landlord Personal Property associated with such healthcare facility.

"**Facility Default**" means an Event of Default that relates directly to one or more of the Facilities (such as, for example only and without limitation, an Event of Default arising from a failure to maintain or repair, or to operate for the Primary Intended Use, or to maintain the required Authorizations for, one or more of the Facilities), as opposed to an Event of Default that, by its nature, does not relate directly to any of the Facilities.

"**Facility Mortgage**" means any mortgage, deed of trust or other security agreement or lien encumbering any Facility and securing an indebtedness of Landlord or any Affiliate of Landlord or any ground, building or similar lease or other title retention agreement to which any Facility are subject from time to time.

"**Facility Mortgage Documents**" means with respect to each Facility Mortgage and Facility Mortgagee, the applicable Facility Mortgage, loan or credit agreement, lease, note, collateral assignment instruments, guarantees, indemnity agreements and other documents or instruments evidencing, securing or otherwise relating to the loan made, credit extended, lease or other financing vehicle pursuant thereto. Facility Mortgage Documents shall also include, without limitation, any documents typically required by any Agency Lender in connection with a Facility Mortgage, including, but not limited to: (i) tenant regulatory agreements, (ii) intercreditor agreements with any receivables lender of Tenant, and (iii) any subordination, assignment, and security agreements.

"**Facility Mortgagee**" means the holder or beneficiary of a Facility Mortgage and any other rights of the lender, credit party or lessor under the applicable Facility Mortgage Documents, including, without limitation, any Agency Lender.

"**Facility Termination**" has the meaning set forth in Section 14.2.6.

"**Fixtures**" means all equipment, machinery, fixtures and other items of real and/or personal property, including all components thereof, now and hereafter located in, on, or used in connection with and permanently affixed to or incorporated into the Leased Improvements, including all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems, apparatus, sprinkler systems, fire and theft protection equipment and built-in oxygen and vacuum systems, all of which, to the greatest extent permitted by law, are hereby deemed to constitute real estate, together with all replacements, modifications, alterations and additions thereto.

"**GAAP**" means generally accepted accounting principles, consistently applied.

"**Governmental Authority**" means any court, board, agency, commission, bureau, office or authority or any governmental unit (federal, state, county, district, municipal, city or otherwise) and any regulatory, administrative or other subdivision, department or branch of the foregoing, whether now or hereafter in existence, including, without limitation, CMS, the United States Department of Health and Human Services, any state licensing agency or any accreditation agency or other quasi-governmental authority.

"**Governmental Payor**" means any state or federal health care program providing medical assistance, health care insurance or other coverage of health care items or services for eligible individuals, including but not limited to the Medicare program more fully described in Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq.*) and the Medicaid program more fully described in Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq.*) and the regulations promulgated thereunder.

"**Guarantor**" has the meaning set forth in the Recitals to this Agreement.

"**Guaranty**" has the meaning set forth in the Recitals to this Agreement.

"**Hazardous Materials**" mean (i) any petroleum products and/or by-products (including any fraction thereof), flammable substances, explosives, radioactive materials, hazardous or toxic wastes, substances or materials, known carcinogens or any other materials, contaminants or pollutants which pose a hazard to any Facility or to Persons on or about any Facility or cause any Facility to be in violation of any Hazardous Materials Laws; (ii) asbestos in any form which is friable; (iii) urea formaldehyde in foam insulation or any other form; (iv) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million or any other more restrictive standard then prevailing; (v) medical wastes and biohazards; (vi) radon gas; and (vii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or would reasonably be expected to pose a hazard to the health and safety of the occupants of any Facility or the owners and/or occupants of property adjacent to or surrounding any Facility, including, without limitation, any materials or substances that are listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) as amended from time to time.

"**Hazardous Materials Laws**" mean any applicable laws, ordinances, regulations, rules, orders, binding and applicable guidelines or binding and applicable policies relating to the environment, the protection of health and safety from exposure to Hazardous Materials, Environmental Activities, Hazardous Materials, air and water quality, waste disposal and other environmental matters.

"**Hazardous Materials Claims**" mean any and all enforcement, clean-up, removal or other governmental or regulatory actions or orders threatened, instituted or completed pursuant to any Hazardous Material Laws, together with all claims made or threatened by any third party against any

Facility, Landlord or Tenant relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials.

"**Impositions**" means any property (real and personal) and other taxes and assessments levied or assessed with respect to this Lease, any Facility, Tenant's interest therein or Landlord, with respect to any Facility, including, without limitation, any state or county occupation tax, transaction privilege, franchise taxes, margin taxes, business privilege, rental tax or other excise taxes. "Impositions" shall also include any Quality Assurance Fees, bed taxes, franchise permit fees, and other taxes and assessments levied or assessed in connection with a Facility's beds. Notwithstanding the foregoing, Impositions shall not include (i) any local, state or federal income tax based upon the net income of Landlord, (ii) any transfer tax or stamps arising from Landlord's sale, transfer, exchange, financing or refinancing, directly or indirectly, of any Facility or interest therein, and (iii) any penalties incurred as a result of Landlord's failure to make payments and/or file any tax or informational returns when due (except if such penalty is caused by a corresponding late payment by Tenant).

"**Improvement Funds**" has the meaning set forth in Section 7.7.

"**Improvement Fund Rate**" means a percentage rate equal to the quotient obtained by dividing (1) the then aggregate amount of Landlord's investment in the Premises, by (2) the annual amount of Base Rent payable on the day prior to the date of applicable disbursement from the Improvement Funds.

"**Initial Expiration Date**" has the meaning set forth in Section 1.5.

"**Initial Parent Transfer**" means the first (1st) Parent Transfer to occur during the Term.

"**Initial Term**" has the meaning set forth in Section 1.5.

"**Insurance Requirements**" mean all terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy, together with all fire underwriters' regulations promulgated from time to time.

"**Intangibles**" means the interest, if any, of Landlord in and to any of the following intangible property owned by Landlord in connection with the Land and the Leased Improvements: (i) the identity or business of each Facility as a going concern, including, without limitation, any names or trade names by which each Facility may be known, and all registrations for such names, if any; (ii) to the extent assignable or transferable, the interest, if any, of Landlord in and to each and every guaranty and warranty concerning the Leased Improvements or Fixtures, including, without limitation, any roofing, air conditioning, heating, elevator and other guaranty or warranty relating to the construction, maintenance or repair of the Leased Improvements or Fixtures; and (iii) the interest, if any, of Landlord in and to all Authorizations to the extent the same can be assigned or transferred in accordance with applicable law; provided, however, that the foregoing shall not include any CON issued to or held by Landlord which shall only be licensed to Tenant on a temporary basis, which license shall be revocable at any time by Landlord.

"**Issuer**" means the financial institution that, from time to time, has issued a Letter of Credit.

"**Issuer Revocation**" means that an Issuer shall fail to be in compliance with all of the Issuer Standards, or shall admit in writing its inability to pay its debts generally as they become due, shall file a petition in bankruptcy or a petition to take advantage of any insolvency statute, shall consent to the appointment of a receiver or conservator of itself or the whole or any substantial part of its property, shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, shall

have a receiver, conservator or liquidator appointed for it (including an FDIC receiver, conservator or liquidator), or shall become subject to operational supervision by any federal or state regulatory authority.

"**Issuer Standards**" mean that the Issuer is an FDIC-insured lending institution that is reasonably satisfactory to Landlord, and has a current long-term credit rating from at least two (2) nationally recognized statistical rating organizations (such as Standard & Poor's, Moody's Investor Services or Fitch Ratings) equivalent to or greater than A-/A3.

"**Land**" means, individually and collectively, the real property described in Exhibit B attached to this Lease.

"**Landlord**" has the meaning set forth in the opening preamble, together with any and all successors and assigns of the Landlord originally named herein.

[redacted]

"**Landlord Personal Property**" means the machinery, equipment, furniture and other personal property described in Exhibit C attached to this Lease, together with all replacements, modifications, alterations and substitutes thereof (whether or not constituting an upgrade).

"**Landlord's Representatives**" means Landlord's agents, employees, contractors, consultants, attorneys, auditors, architects and other representatives.

"**LC Amount**" has the meaning set forth in Section 3.2.

"**Lease**" has the meaning set forth in the opening preamble.

"**Lease Year**" shall mean the period from the Commencement Date through the last day of the month in which the first anniversary of the Commencement Date occurs and each 12 consecutive month period thereafter; provided, however, that if the Commencement Date occurs on a day other than the first day of a calendar month, then (i) the first partial calendar month and the first full calendar month shall together be regarded as the first month of the first Lease Year, and (ii) the Base Rent for such partial month shall be prorated and payable based on the number of days in that partial month, and (iii) the initial Term shall be increased by the period of such partial month, such that the beginning of each subsequent Lease Year always occurs on the first day of a calendar month, and the last day of each Lease Year and the natural expiration of the initial Term and any Extension Term always occurs on the last day of a calendar month.

"**Leased Improvements**" means all buildings, structures and other improvements of every kind now or hereafter located on the Land including, alleyways and connecting tunnels, sidewalks, utility pipes, conduits, and lines (on-site and off-site to the extent Landlord has obtained any interest in the same), parking areas and roadways appurtenant to such buildings and structures.

"**Legal Requirements**" means all federal, state, county, municipal and other governmental statutes, laws (including common law and Hazardous Materials Laws), rules, policies, guidance, codes, orders, regulations, ordinances, permits, licenses, covenants, conditions, restrictions, judgments, decrees and injunctions applicable to Tenant or affecting any Facility or the applicable Tenant Personal Property or the maintenance, construction, use, condition, operation or alteration thereof, whether now or hereafter

enacted and in force, including, any and all of the foregoing that relate to the use of each Facility for its Primary Intended Use.

"**Letter of Credit**" means an unconditional, irrevocable, standby letter of credit substantially in the form of Exhibit E, naming Landlord as beneficiary, and issued by an Issuer that satisfies the Issuer Standards and is otherwise acceptable to Landlord in its commercially reasonable discretion.

"**Licensing Impairment**" means, with respect to each Facility, (i) the revocation, suspension or non-renewal of any Authorization, (ii) any withholding, non-payment, reduction or other adverse change respecting any Provider Agreement, (iii) any admissions hold under any Provider Agreement, or (iv) any other act or outcome similar to the foregoing that would impact Tenant's ability to continue to operate such Facility for its Primary Intended Use or to receive any rents or profits therefrom.

"**Losses**" mean all claims, demands, expenses, actions, judgments, damages, penalties, fines, liabilities, losses of every kind and nature, suits, administrative proceedings, costs and fees, including, without limitation, reasonable attorneys' and reasonable consultants' fees and expenses.

"**Material Alterations**" mean any Alterations that (i) would materially enlarge or reduce the size of the applicable Facility, (ii) would tie in or connect with any improvements on property adjacent to the applicable Land, or (iii) would affect the structural components of the applicable Facility or the main electrical, mechanical, plumbing, elevator or ventilating and air conditioning systems for such Facility in any material respect.

[redacted]

"**Minimum Rent Coverage Ratio**" shall mean a Portfolio Coverage Ratio of not less than:

[redacted]

"**New California Facility**" means the Facilities identified as the "New California Facilities" on Schedule 1 attached hereto.

"**Nonsolicitation Period**" means the period commencing on the date that is nine (9) months prior to the expiration of the then Term and expiring on the date that is one (1) year following the expiration of

the Term; provided, however, if during the Nonsolicitation Period, Tenant delivers an Extension Notice pursuant to this Lease, then (absent the existence an Event of Default on the date such Extension Notice is delivered) the Nonsolicitation Period shall not commence until the date that is nine (9) months prior to the expiration of the then Extension Term.

"**OFAC**" has the meaning set forth in Section 10.2.1.

"**Operational Transfer**" has the meaning set forth in Section 14.2.1.

"**Ordinary Course of Business**" means in respect of any transaction involving Tenant, the ordinary course of business of Tenant, as conducted by Tenant in accordance with past practices. In respect of any transaction involving a Facility or the operations thereof, the ordinary course of operations for such Facility, as conducted by Tenant in accordance with past practices.

"**Parent Transfer**" means any of the following: (i) the conveyance, sale, or transfer of any stock, partnership, membership or other interests, if such conveyance, sale, or other transfer results, directly or indirectly, in a Change in Control of Tenant or Guarantor; or (ii) any merger or consolidation that directly or indirectly, results in a Change in Control of Guarantor or Tenant.

"**Partial Taking**" means any Condemnation of a Facility or any portion thereof that is not a Complete Taking.

"**Permitted Contest**" means a contest instituted and maintained in compliance with, and pursuant to, the terms of Article VIII.

"**Payment Date**" means any due date for the payment of the installments of Base Rent or any other sums payable under this Lease.

"**Permitted Encumbrances**" means, with respect to each Facility, collectively, (i) all easements, covenants, conditions, restrictions, agreements and other matters with respect to such Facility that (a) are of record as of the Commencement Date, (b) Landlord entered into after the Commencement Date (subject to the terms hereof); or (c) are specifically consented to in writing by Landlord, (ii) any liens for Impositions, fees, assessments or other governmental charges that are not yet due and payable; (iii) occupancy rights of residents and patients of such Facility; (iv) liens of mechanics, laborers, materialman, suppliers, vendors or other like liens (x) for sums not yet due or (y) are the subject of a Permitted Contest; and (v) subject to Section 20.2, liens granted to the [redacted] pursuant to the MidCap Financing Documents.

"**Person**" means any individual, partnership, association, corporation, limited liability company or other entity.

"**Plans and Specifications**" has the meaning set forth in Section 7.5.1.

[redacted]

[redacted]

"**Portfolio Coverage Ratio**" means, a [redacted]

"**Premises**" means, collectively, the Land, Leased Improvements, Related Rights, Fixtures, Intangibles and Landlord Personal Property.

"**Premises Condition Report**" has the meaning set forth in Section 7.2.

"**Primary Intended Use**" means, as to each Facility, the type of healthcare facility corresponding to such Facility as shown on Schedule 1 attached hereto, with no less than the number of licensed beds as shown on Schedule 1 and in connection therewith the provision of food, recreational, rehabilitative and therapy services and such other ancillary or incidental services relating thereto.

"**Prime Rate**" means, on any date, a rate equal to the annual rate on such date reported in *The Wall Street Journal* to be the "prime rate."

"**Prohibited Persons**" has the meanings set forth in Section 10.2.1.

"**Project Cap**" has the meaning set forth in Section 7.7.

"**Project Information**" has the meaning set forth in Section 7.7.

"**Property Collateral**" means all of Tenant's right, title and interest in and to the Tenant Personal Property and any and all products, rents, proceeds and profits thereof in which Tenant now owns or hereafter acquires an interest or right.

"**Proposed Capital Improvement Project**" has the meaning set forth in Section 7.7.

"**Provider Agreements**" means any agreements issued to or held by Tenant pursuant to which any Facility is licensed, certified, approved or eligible to receive reimbursement under any Third Party Payor Program.

"**Quality Assurance Fees**" shall mean any and all Quality Assurance Fee assessed for any Facility by the California Department of Health Care Services.

"**Real Property Impositions**" means any real property Impositions secured by a lien encumbering any Facility or any portion thereof.

"**Reimbursement Period**" has the meaning set forth in Section 14.2.5.

"**Related Rights**" means all easements, rights and appurtenances relating to the Land and the Leased Improvements.

"**Rent**" means, collectively, Base Rent and Additional Rent.

"**Request for Advance**" has the meaning set forth in Section 7.7.

"**Required Authorizations**" shall mean all licenses, permits, certifications, accreditations, Provider Agreements, CONs, certificates of exemption, approvals, waivers, variances and other governmental or "quasi-governmental" authorizations necessary or advisable for Tenant, as named licensee or operator, to use a Facility for its Primary Intended Use and receipt of reimbursement or other payments under any Third Party Payor Program in which such Facility participates.

"**Required Capital Expenditures Amount**" has the meaning set forth in Section 7.6.

"**Required Per Bed Annual Capital Expenditures Amount**" means an amount equal to [redacted] per bed per Lease Year, which amount shall increase annually per the CPI Increase pursuant to Section 7.6.1.

"**Security Deposit**" shall have the meaning set forth in Section 3.1.

"**Situs State**" means the state or commonwealth where a Facility is located.

"**Subsidiary**" means a Person of which an aggregate of more than fifty percent (50%) or more of the capital stock or other ownership interests thereof is owned of record or beneficially by such other Person, or by one or more Subsidiaries of such other Person, or by such other Person and one or more Subsidiaries of such Person, (a) if the holders of such capital stock or other ownership interests (i) are ordinarily, in the absence of contingencies, entitled to vote for the election of a majority of the directors (or other individuals performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency, or (ii) are entitled, as such holders, to vote for the election of a majority of the directors (or individuals performing similar functions) of such Person, whether or not the right so to vote exists by reason of the happening of a contingency, or (b) in the case of capital stock or other ownership interests which are not issued by a corporation, if such ownership interests constitute a majority voting interest.

"**Temporary Taking**" means any Condemnation of a Facility or any portion thereof, whether the same would constitute a Complete Taking or a Partial Taking, where the Condemnor or its designee uses or occupies such Facility, or any portion thereof, for no more than twelve consecutive (12) months.

"**Tenant**" has the meaning set forth in the opening preamble, together with any and all permitted successors and assigns of the Tenant originally named herein.

[redacted]

"**Tenant Personal Property**" shall have the meaning set forth in Section 0.

"**Tenant Sublessees**" mean any wholly-owned subsidiaries of Tenant (or other Landlord-approved Affiliates of Tenant) that have entered into a sublease with Tenant pursuant to which said Tenant Sublessee subleases a Facility from Tenant and pursuant to which said Tenant Sublessee shall be the operator of such Facility, together with their successors and assigns and any additions thereto or replacements thereof.

"**Term**" means the Initial Term, plus any duly authorized Extension Terms. The Term shall also include any extension by Landlord pursuant to Section 19.6 (unless Landlord otherwise so elects).

"**Testing Date**" means the date as of which the Portfolio Coverage Ratio shall be determined for the applicable Testing Period, which date shall be the last day of each calendar quarter during the Term. Upon each Testing Date, the Portfolio Coverage Ratio shall be determined based upon the twelve trailing calendar months ending on such Testing Date. The first Testing Date shall be [redacted].

"**Testing Period**" means a period ending on a Testing Date and comprised of the twelve (12) most recent calendar months then ended.

"**Third Party Payor Programs**" shall mean any third party payor programs pursuant to which healthcare facilities qualify for payment or reimbursement for medical or therapeutic care or other goods or services rendered, supplied or administered to any admittee, occupant, resident or patient by or from any Governmental Authority, Governmental Payor, bureau, corporation, agency, commercial insurer, non-public entity, "HMO," "PPO" or other comparable party.

"**Transfer**" means any of the following, whether effectuated directly or indirectly, through one or more step transactions or tiered transactions, voluntarily or by operation of law, (i) assigning, conveying, selling, pledging, mortgaging, hypothecating or otherwise encumbering, transferring or disposing of all or any part of this Lease or Tenant's leasehold estate hereunder, (ii) subletting of all or any part of any Facility; (iii) engaging the services of any Person for the management or operation of all or any part of any Facility; (iv) conveying, selling, assigning, transferring, pledging, hypothecating, encumbering or otherwise disposing of any stock, partnership, membership or other interests (whether equity or otherwise) in Tenant, Guarantor or any Person that Controls Tenant or any Guarantor, if such conveyance, sale, assignment, transfer, pledge, hypothecation, encumbrance or disposition results, directly or indirectly, in a Change in Control of Tenant or Guarantor (or of such controlling Person); (v) merging or consolidating Tenant, Guarantor, or any Person that Controls Tenant or Guarantor with or into any other Person, if such merger or consolidation, directly or indirectly, results in a Change in Control of Tenant or Guarantor (or in such controlling Person); (vi) dissolving Tenant or Guarantor or any Person that Controls Guarantor; (vii) selling, conveying, assigning, or otherwise transferring all or substantially all of the assets of Tenant, Guarantor or any Person that Controls Tenant or Guarantor; (viii) selling, conveying,

assigning or otherwise transferring any of the assets of Tenant or Guarantor, if the consolidated net worth of Tenant or Guarantor immediately following such transaction is not at least equal to the consolidated net worth of Tenant or Guarantor, as applicable, as of the Commencement Date; or (ix) assigning, conveying, selling, pledging, mortgaging, hypothecating or otherwise encumbering, transferring or disposing of any material Authorization.

"**Transition Notice**" shall have the meaning set forth in Section 14.2.1.

EXHIBIT B

DESCRIPTION OF THE LAND

Huntington Park Nursing Center

PARCEL 1:

LOTS 4, 5, 6 AND 7 IN BLOCK 57 OF THE THIRD ADDITION TO HUNTINGTON PARK, IN THE CITY OF HUNTINGTON PARK, AS PER MAP RECORDED IN BOOK 9, PAGE 153 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 20, 21 AND 22 IN BLOCK 57 OF THE THIRD ADDITION TO HUNTINGTON PARK, IN THE CITY OF HUNTINGTON PARK, AS PER MAP RECORDED IN BOOK 9, PAGE 153 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 12 FEET THEREOF.

Shoreline Care Center

PARCEL 1:

A PORTION OF SUBDIVISION 85, RANCHO EL RIO DE SANTA CLARA O' LA COLONIA, IN THE CITY OF OXNARD, COUNTY OF VENTURA, STATE OF CALIFORNIA, AS PER PARTITION MAP FILED IN THE OFFICE OF THE COUNTY CLERK OF SAID COUNTY IN ACTION ENTITLED "THOMAS A. SCOTT, ET AL, PLAINTIFFS VS. RAFAEL GONZALES, ET AL, DEFENDANTS" DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF PLEASANT VALLEY HOMES TRACT NO. 2 ACCORDING TO THE MAP RECORDED IN BOOK 21, PAGE 17 OF MISCELLANEOUS RECORDS (MAPS) IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT ALONG SAID EASTERLY LINE SOUTH 0° 12' 00" EAST 210.00 FEET FROM THE SOUTHERLY LINE OF PLEASANT VALLEY ROAD 60 FEET WIDE; SAID POINT ALSO BEING THE SOUTHWEST CORNER OF PARCEL 2 AS SHOWN ON A MAP RECORDED IN BOOK 33, PAGE 81 OF RECORD OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THENCE ALONG SAID EASTERLY LINE OF PLEASANT VALLEY HOMES TRACT NO. 2,

1ST: SOUTH 0° 12' 00" EAST TO THE WESTERLY TERMINUS OF THE 11TH COURSE OF THE LAND DESCRIBED IN BOOK 3534, PAGE 390 OF OFFICIAL RECORDS, THENCE ALONG SAID 11TH COURSE AND THE EASTERLY PROLONGATION THEREOF,

2ND: NORTH 89° 56' 36" EAST TO A POINT IN THE 2ND COURSE OF THE LAND DESCRIBED IN SAID BOOK 3534, PAGE 390 OF OFFICIAL RECORDS, THENCE ALONG SAID 2ND COURSE THEREOF,

3RD: NORTH 0° 04' 15" WEST TO THE SOUTHEAST CORNER OF SAID PARCEL 2 AS SHOWN IN BOOK 33, PAGE 81 OF RECORDS OF SURVEYS, THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 2,

4TH: SOUTH 89° 43' 00" WEST 126.20 FEET TO THE POINT OF BEGINNING.

APN: 222-0-170-420

PARCEL 2:

A PORTION OF SUBDIVISION 85, RANCHO EL RIO DE SANTA CLARA O' LA COLONIA, IN THE CITY OF OXNARD, COUNTY OF VENTURA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 13 OF MISCELLANEOUS RECORDS (MAPS), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PLEASANT VALLEY HOMES TRACT NO. 2, AS SHOWN ON THE MAP RECORDED IN BOOK 21, PAGE 17 OF MISCELLANEOUS RECORDS (MAPS), SAID POINT BEING ON THE SOUTHERLY LINE OF PLEASANT VALLEY ROAD 60 FEET WIDE; THENCE ALONG SAID NORTHERLY LINE,

1ST: NORTH 89° 43' 00" EAST 126.67 FEET TO THE WESTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO VENTURA COUNTY FLOOD CONTROL DISTRICT, RECORDED DECEMBER 22, 1958 IN BOOK 1686, PAGE 147 OF OFFICIAL RECORDS; THENCE ALONG SAID WESTERLY LINE,

2ND: SOUTH 0° 04' 15" EAST 210.00 FEET; THENCE,

3RD: SOUTH 89° 43' 00" WEST 126.20 FEET TO THE EASTERLY LINE OF SAID PLEASANT VALLEY TRACT NO. 2; THENCE, ALONG THE EASTERLY LINE THEREOF,

4TH: NORTH 0° 12' 00" WEST 210.00 FEET TO THE POINT OF BEGINNING.

APN: 222-0-170-430

Downey Care Center

THAT PORTION OF LOT L OF THE RANCHO SANTA GERTRUDES SUBDIVIDED FOR THE SANTA GERTRUDES LAND ASSOCIATION, IN THE CITY OF DOWNEY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1, PAGE 502 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINES OF IMPERIAL HIGHWAY AND PARAMOUNT BOULEVARD AS SAID INTERSECTION IS SHOWN ON THE MAP OF TRACT NO. 14173, IN SAID COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 293, PAGES 5 ET SEQ., OF MAPS RECORDS OF SAID COUNTY; THENCE SOUTH 32° 16’ 15" WEST ALONG THE CENTER LINE OF SAID PARAMOUNT BOULEVARD AND ITS SOUTHWESTERLY PROLONGATION 2417.83 FEET TO THE TRUE POINT OF BEGINNING, THENCE NORTH 58° 50’ 00" WEST 240.00 FEET, THENCE SOUTHWESTERLY PARALLEL WITH THE NORTHWESTERLY LINE OF SAID PARAMOUNT BOULEVARD TO A LINE THAT IS PARALLEL WITH AND 200.00 FEET NORTHEASTERLY FROM THAT CERTAIN 40.00 FOOT

STRIP OF LAND AS SET ASIDE FOR THE WIDENING OF GARDENDALE STREET BY THE LOS ANGELES COUNTY BOARD OF SUPERVISORS IN A RESOLUTION RECORDED JULY 3, 1952 AS INSTRUMENT NO. 2227 IN BOOK 39310, PAGE 115, OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE TO THE CENTER LINE OF SAID PARAMOUNT BOULEVARD; THENCE NORTHEASTERLY ALONG SAID LAST MENTIONED CENTER LINE TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION INCLUDED WITHIN THAT CERTAIN 50.00 FOOT STRIP OF THE SOUTHEASTERLY 190 FEET OF THE SOUTHWESTERLY 200 FEET OF LOT "L" OF THE RANCHO SANTA GERTRUDES, SUBDIVIDED FOR THE SANTA GERTRUDES LAND ASSOCIATION, IN THE CITY OF DOWNEY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1 PAGE 502 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID DISTANCES BEING MEASURED FROM THE NORTHEASTERLY AND NORTHWESTERLY LINES OF THOSE CERTAIN 50 FOOT AND 40 FEET STRIPS OF LAND AS SET ASIDE FOR THE WIDENING OF PARAMOUNT BOULEVARD AND GARDENDALE STREET BY LOS ANGELES COUNTY BOARD OF SUPERVISORS IN A RESOLUTION RECORDED JULY 3, 1952 AS INSTRUMENT NO. 2227 IN BOOK 39310, PAGE 115 OF OFFICIAL RECORDS OF SAID COUNTY.

Courtyard Healthcare Center

PARCEL ONE:

A PORTION OF LOT 199, DAVIS MANOR SUBDIVISION UNIT NO. 6, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF YOLO COUNTY, CALIFORNIA, ON MAY 24, 1956 IN BOOK 5 OF MAPS, PAGE 30, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF EIGHTH STREET THAT BEARS SOUTH 87 DEG 26 MIN 00 SEC EAST, 84.12 FEET FROM THE NORTHWEST CORNER OF LOT 199, AS SAID CORNER IS SHOWN ON THE MAP OF DAVIS MANOR UNIT NO. 6, FILED IN BOOK 5 OF MAPS, PAGE 30, YOLO COUNTY RECORDS; THENCE FROM SAID POINT OF BEGINNING, SOUTH 0 DEG 37 MIN 00 SEC WEST, 318.36 FEET TO THE SOUTHERLY LINE OF LOT 199; THENCE ALONG SAID SOUTHERLY LINE, SOUTH 88 DEG 36 MIN 30 SEC EAST, 385.00 FEET; THENCE LEAVING SAID SOUTHERLY LINE, NORTH 1 DEG 23 MIN 30 SEC EAST, 172.38 FEET; THENCE SOUTH 85 DEG 05 MIN 38 SEC WEST, 90.82 FEET; THENCE NORTH 0 DEG 57 MIN 59 SEC WEST, 29.82 FEET; THENCE NORTH 89 DEG 52 MIN 31 SEC WEST, 228.60 FEET; THENCE NORTH 0DEG 54 MIN 49 SEC WEST, 129.91 FEET TO THE SOUTHERLY LINE OF EIGHTH STREET; THENCE ALONG SAID SOUTHERLY LINE, NORTH 87 DEG 26 MIN 00 SEC WEST, 64.04 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION OF LOT 199, DAVIS MANOR SUBDIVISION UNIT NO. 6, AS FOLLOWS:

BEGINNING AT A POINT THAT BEARS SOUTH 88 DEG 36 MIN 30 SEC EAST, 427.08 FEET FROM THE SOUTHWEST CORNER OF LOT 199, DAVIS MANOR UNIT NO. 6, AS SAID CORNER IS SHOWN ON THE MAP FILED IN BOOK 5 OF MAPS, PAGE 30, YOLO COUNTY RECORDS; THENCE ALONG SAID SOUTHERLY BOUNDARY, SOUTH 88 DEG 36 MIN 30 SEC EAST, 42.00 FEET; THENCE LEAVING SAID SOUTHERLY BOUNDARY, NORTH 1 DEG 23 MIN

30 SEC EAST, 172.38 FEET; THENCE SOUTH 85 DEG 05 MIN 38 SEC WEST, 42.26 FEET; THENCE SOUTH 1 DEG 23 MIN 30 SEC WEST, 167.75 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

PARCEL A OF PARCEL MAP 4250, FILED FOR RECORD ON JANUARY 11, 1996 IN BOOK 12 OF PARCEL MAPS, PAGES 5 AND 6.

Arbor Place

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LODI, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL "B" AS SHOWN UPON PARCEL MAP FILED FOR RECORD JANUARY 19, 1984, IN VOLUME 12 OF PARCEL MAPS, PAGE 134, SAN JOAQUIN COUNTY RECORDS.

Turlock:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

Parcel 1, as shown upon that certain parcel map filed for record September 6, 1986 in Book 38 of Parcel Maps, page 60, Stanislaus County Records.

APN: 072-024-014

PARCEL TWO:

Parcel 2, as shown upon that certain parcel map filed for record September 6, 1986 in Book 38 of Parcel Maps, page 60, Stanislaus County Records.

Arbor Convalescent Hospital (Lodi):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LODI, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PORTION OF THE NORTHWEST QUARTER OF SECTION 1, TOWNSHIP 3 NORTH, RANGE 6 EAST,MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL MAP THEREOF, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL "A", AS SHOWN UPON PARCEL MAP FILED FOR RECORD JUNE 26,1981 IN BOOK 10 OF PARCEL MAPS, PAGE 72, SAN JOAQUIN COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF TRACT NO. 1344, SANGUINETTI PARK, UNIT NO. 1, FILED FOR RECORD IN VOL. 24 OF MAPS AND PLATS, PAGE 14, SAN JOAQUIN COUNTY RECORDS AND RUN ALONG THE SOUTHERLY BOUNDARY OF SAID SANGUINETTI PARK, UNIT NO. 1, SOUTH 89° 33' EAST 334.54 FEET; THENCE LEAVING SAID SOUTHERLY BOUNDARY RUN THENCE SOUTH 0° 23' EAST 249.73 FEET; THENCE NORTH 89° 33' WEST 484.55 FEET TO A POINT ON THE EAST LINE OF CHURCH STREET; THENCE ALONG SAID EAST LINE OF CHURCH STREET, RUN THENCE NORTH 0° 23' WEST 299.82 FEET TO THE SOUTH LINE OF THAT PARCEL CONVEYED TO THE RICHFIELD OIL COMPANY; THENCE ALONG SAID SOUTH LINE NORTH 89° 57' EAST 150.00 FEET TO A POINT ON THE WEST LINE OF SANGUINETTI PARK, UNIT NO. 1; THENCE ALONG SAID WEST LINE SOUTH 0° 23' EAST 51.40 FEET TO THE POINT OF BEGINNING.

EXHIBIT C

THE LANDLORD PERSONAL PROPERTY

All machinery, equipment, furniture and other personal property located at or about any Facility and used in connection with the ownership, operation, or maintenance of any Facility, together with all replacements, modifications, alterations and substitutes thereof (whether or not constituting an upgrade) but excluding the following:

(a) all vehicles (including any leasehold interests therein);

(b) all office supplies, medical supplies, food supplies, housekeeping supplies, laundry supplies, and inventories and supplies physically on hand at the Facility;

(c) all customer lists, patient files, and records related to patients (subject to patient confidentiality privileges) and all books and records with respect to the operation of the Facility;

(d) all employee time recording devices, proprietary software and discs used in connection with the operation of the Facility by Tenant or any Person who manages the operations of any Facility, all employee pagers, employee manuals, training materials, policies, procedures, and materials related thereto with respect to the operation of the Facilities; and

(e) all telephone numbers, brochures, pamphlets, flyers, mailers, and other promotional materials related to the marketing and advertising of the Tenant's business at the Facility.

EXHIBIT D

FINANCIAL, MANAGEMENT AND REGULATORY REPORTS

FINANCIAL REPORTING

- *Monthly Financial Reporting*: No later than 30 days after the end of each calendar month, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as a Facility-by-Facility basis, monthly statements of operations and census by payor prepared for the applicable month with respect to Tenant. Together with its delivery to Landlord of the monthly financial reports and statements required hereunder, Tenant shall deliver, or cause to be delivered, to Landlord an Officer's Certificate certifying that the foregoing statements and reports are true and correct in all material respects and were prepared in accordance with GAAP, applied on a consistent basis, subject to changes resulting from audit and normal year-end audit adjustments.

- *Quarterly Financial Reporting*:

    - No later than 45 days after the end of each fiscal quarter of Tenant, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as a Facility-by-Facility basis, quarterly and year-to-date unaudited financial statements prepared for the applicable quarter with respect to Tenant and any Guarantor. Such reports shall include:

        - A balance sheet and statement of operations as of the end of such fiscal quarter;

        - A statement setting forth in reasonable detail the calculation and Tenant's compliance with each of the performance covenants set forth in Section 6.12 of this Lease for the applicable fiscal quarter; and

        - Such other information as Landlord shall reasonably request.

    - Together with its delivery to Landlord of the quarterly financial reports and statements required hereunder, Tenant shall deliver, or cause to be delivered, to Landlord, an Officer's Certificate (for Tenant and a separate Officer's Certificate (from an officer of any Guarantor) for any financial reports of statements of Guarantor) certifying that the foregoing statements and reports are true and correct in all material respects and were prepared in accordance with GAAP, applied on a consistent basis, subject to changes resulting from audit and normal year-end audit adjustments.

- *Annual Financial Reporting*: As soon as available, any in any event within 120 days after the close of each fiscal year of Tenant, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as on a Facility-by-Facility basis, audited financial statements prepared for such fiscal year with respect to Covenant Holdco LLC, a Delaware limited liability company ("**Holdco**"), including a balance sheet and operating statement as of the end of such fiscal year, together with related statements of income and members', partners', or owners' capital for such fiscal year. Together with Holdco's annual audited financial statements, Tenant shall deliver or cause to be delivered to Landlord such other information as Landlord shall reasonably request.

- *Audit and Other Inspection Rights*: Without limitation of Tenant's other obligations as set forth in this Lease or this Exhibit D, Landlord shall have the right, from time to time and at its expense (unless an Event of Default exists, in which case Tenant shall, within ten (10) after demand therefor, reimburse Landlord for any and all costs and expenses incurred by Landlord in

connection with exercising its rights under this paragraph), to audit and inspect the books, records and accounts of Tenant or any Guarantor and/or relative to any Facility(ies) designated by Landlord from time to time, provided, however, that, (a) if no Event of Default exists, Landlord shall give Tenant not less than five (5) Business Days advance written notice of the commencement of any such inspection and (b) Landlord shall not require or perform any act that would cause Tenant or any Guarantor to violate any laws, regulations or ordinances relating to employment records or that protect the privacy rights of Tenant's or Guarantor's employees, healthcare patients or residents. Tenant shall reasonably cooperate (and shall cause its independent accountants and other financial advisors to reasonably cooperate) with all such inspections. Such inspections shall be conducted in a manner that does not materially interfere with Tenant's business operations or the business operations relative to any affected Facility(ies). Unless otherwise agreed in writing by Landlord and Tenant, such inspections shall occur during normal business hours.

- *Method of Delivery*: All financial statements, reports, data and other information required to be delivered by Tenant (or Guarantor) pursuant hereto shall be delivered via email to such email address as Landlord may designate from time to time and shall be in the format and otherwise in the form required pursuant to Section 6.7.

REGULATORY REPORTING

- *Regulatory Reports with respect to each Facility*: Within ten (10) Business Days after Tenant's receipt, Tenant shall deliver to Landlord by written notice the following regulatory reports with respect to each Facility:

    - All federal, state and local licensing and reimbursement certification surveys, inspection and other reports received by Tenant as to any Facility and its operations, including state department of health licensing surveys and reports relating to complaint surveys;

    - All Medicare and Medicaid certification surveys;

    - All life safety code survey reports and/or fire marshal survey reports.

- *Reports of Regulatory Violations*: Within five (5) days after Tenant's receipt of any of the following, Tenant shall deliver to Landlord by written notice copies of the same along with all related documentation:

    - Any survey or notice related in any way to a survey deficiency with a scope and severity of "G" or higher;

    - Any threat of denial of payment for new admissions, or any civil monetary penalty imposed in the amount of [redacted] per incident or more;

    - Any violation of any federal, state, or local licensing or reimbursement certification statute or regulation, including Medicare or Medicaid;

    - Any suspension, termination or restriction (including immediate jeopardy) placed upon Tenant (or Guarantor) or any Facility, the operation of any Facility or the ability to admit residents or patients or any threat of any of the foregoing from state or federal authorities and/or agencies;

- Any threat of suspension or decertification of Tenant from State or federal healthcare programs;

- The inclusion of any Facility on the "Special Focus List" maintained by CMS; or

- Any violation of any other permit, approval or certification in connection with any Facility or the operations thereof, by any federal, state or local authority, including Medicare or Medicaid;

- Any knowledge, whether a formal notice is given or received or not, of a pending or threatened investigation by a state attorney general, the OIG-HHS, or the U.S. Department of Justice relating to Guarantor or any principal, parent, subsidiary or other affiliate thereof.

ANNUAL BUDGETS

- *Annual Budgets*: At least fifteen (15) days prior to the commencement of each calendar year of Tenant during the Term, Tenant shall deliver to Landlord an annual operating budget covering the operations of each Facility for the forthcoming calendar year, which budget shall include month-to-month projections. Said annual operating budgets shall be in a form and shall contain such information as is reasonably acceptable to Landlord. Tenant shall promptly deliver to Landlord any subsequent revisions to annual operating budgets.

- *Annual Capital Budgets*. At least fifteen (15) days prior to the commencement of each calendar year of Tenant during the Term, Tenant shall deliver to Landlord an annual budget setting forth Tenant's reasonable estimate of the capital repairs, replacements, and improvements to each Facility that Tenant anticipates will be necessary in such calendar year to comply with its obligations under this Lease.

EXHIBIT E

FORM OF APPROVED LETTER OF CREDIT

[NAME] BANK

IRREVOCABLE LETTER OF CREDIT NO. _____

DATE: _____

EXPIRATION DATE: _____

_____
_____
_____

Ladies and Gentlemen:

We hereby establish our Irrevocable Letter of Credit in your favor for the account of _____ ("**Customer**") available by your draft(s) on us payable at sight in an amount not to exceed a total of _____ Dollars ($_____) when accompanied by the following documents:

1. A certificate which on its face appears to have been executed by an officer of _____, a _____, or any successor entity by operation of law ("**Beneficiary**"), stating the amount which Beneficiary is drawing and that one or more of the following events has occurred:

(a) an Event of Default has occurred under that certain Lease dated as of _____, 20___ between Beneficiary and _____ (the "**Lease**");

(b) a default under that certain Guaranty of Lease dated _____, 20__, executed by _____, a _____ for the benefit of Beneficiary; or

(c) either **(i)** an FDIC receiver or conservator has been appointed for the Issuer (as defined in the Lease)) or **(ii)** the Issuer has become subject to operational supervision by any federal or state regulatory authority.

2. The original Letter of Credit must accompany all drafts unless a partial draw is presented, in which case the original must accompany final draft.

This Letter of Credit will be duly honored by us at sight upon delivery of the statement set forth above without inquiry as to the accuracy of such statement and regardless of whether Customer disputes the content of such statement.

This Letter of Credit may be transferred or assigned by Beneficiary to any successor or assign of Beneficiary's interests under the Lease or to any lender obtaining a lien or security interest in

the property covered by the Lease. Each draft hereunder by any assignee or successor shall be accompanied by a copy of the fully executed documents or judicial orders evidencing such encumbrance, assignment or transfer.

Any draft drawn hereunder shall be in the form attached hereto as Schedule 1. Partial drawings are permitted with the amount of the Letter of Credit being reduced, without amendment, by the amount(s) drawn hereunder.

This Letter of Credit shall expire at 5:00 p.m., Pacific Time, on the expiration date set forth above. Notwithstanding the foregoing, this Letter of Credit shall be automatically extended for additional periods of one year from the present or each future expiration date unless we have notified you in writing, not less than ninety (90) days before any such expiration date, that we elect not to renew this Letter of Credit. Our notice of any such election shall be sent by express, registered or certified mail to the address shown above.

Except so far as otherwise expressly stated, this Letter of Credit is subject to the "Uniform Customs and Practices for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600." We hereby agree with you and all persons negotiating such drafts that all drafts drawn and negotiated in compliance with the terms of this Letter of Credit will be duly honored upon presentment and delivery of the documents specified above by express, certified or registered mail, overnight or other delivery by national courier service or personal delivery to ,_____, if negotiated on or before the expiration date shown above.

Very truly yours,

_____
Authorized Signature

_____
Authorized Signature

SCHEDULE 1 TO EXHIBIT E

SIGHT DRAFT

TO: _____
_____
_____
Attention: _____

PAY TO THE ORDER OF:

[NAME OF BENEFICIARY]
c/o **[NAME OF BANK]**
[ADDRESS OF BANK]
ABA No. **[INSERT ABA NO.]**
for the benefit of **[NAME OF BENEFICIARY]**
Account No. **[INSERT ACCOUNT NO.]**

THE SUM OF:

_____ Dollars ($_____)

DRAWN ON:

Irrevocable Letter of Credit No. _____

dated _____, 20___ issued by

_____ Bank

[BENEFICIARY]

By: _____
Name: _____
Title: _____

EXHIBIT F

FORM OF DOWNEY
OPERATIONS TRANSFER AGREEMENT

THIS OPERATIONS TRANSFER AGREEMENT (this "Agreement") is made and entered into this [ ]th day of [ ], 2019 (the "Effective Date"), by and between Covenant Care Orange, Inc., a California corporation ("Current Operator"), and _____ ("New Operator").

R E C I T A L S

A. Current Operator is (1) the licensed operator of the Facility identified on Schedule 1 attached hereto and (2) sublessee of such Facility from Covenant Care Master West, LLC, a California limited liability company ("CCMW"). CTR Partnership, L.P., a Delaware limited partnership ("Owner") is the owner of the Facility and leased the Facility to CCMW pursuant to that certain Master Lease dated _____ between Owner and CCMW (the "Current Lease").

B. The parties contemplate that New Operator which will take possession of and operate the Facility (the "Transaction"); however, the Transaction may occur prior to New Operator being able to obtain its License to operate the Facility.

C. In such an event and in order to allow for the continued and uninterrupted operation of the Facility prior to issuance of New Operator's License and any applicable provider number under any government reimbursement program in which the Facility participates, concurrently with the effectiveness of the Transaction, (1) Owner will lease the Facility to New Operator pursuant to the Lease (as defined below), (2) New Operator will sublease the Facility to Current Operator and (3) Current Operator and New Operator will enter into that certain Interim Management Agreement (as defined below), it being understood that the sublease and management agreement will automatically terminate upon issuance of New Operator's License and any applicable provider number under any government reimbursement program in which the Facility participates.

D. Whether or not the steps in Recital C become necessary, in order to facilitate a transition of operational and financial responsibility for the Facility from Current Operator to New Operator in a manner which will ensure the continued operation of the Facility after the Transfer Date in compliance with applicable law and in a manner which does not jeopardize the health, safety and welfare of the residents of the Facility, Current Operator and New Operator desire to document certain terms and conditions relevant to the transition of operational and financial responsibility for the Facility from Current Operator to New Operator.

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties set forth herein, it is hereby agreed:

A G R E E M E N T

ARTICLE 1. DEFINITIONS

In addition to the other terms defined elsewhere in this Agreement, the following terms used in this Agreement shall have the meanings set forth in this Article 1, except as the context otherwise clearly requires:

1.1. "Accounts" means all Pre-Transfer Accounts and Post-Transfer Accounts.

1.2. "Assets" means, to the extent owned, leased, held or used by Current Operator in the operation of the Facility and not included in the Excluded Assets: (a) all machinery, tools, spare and replacement parts and similar property used in connection with the operation of the Facility; (b) all transferrable rights under Assumed Operating Contracts, Provider Agreements and collective bargaining agreements; (c) all office supplies, medical supplies, food supplies, housekeeping supplies, laundry supplies and inventories and supplies physically on hand at the Facility as of the Transfer Date ("Inventory"); (d) all customer lists, resident files and records related to current residents and all books and records with respect to the operation of the Facility existing and physically located at the Facility as of the Transfer Date; (e) all telephone numbers, brochures, pamphlets, flyers, mailers and all other promotional materials related to the marketing and advertising of the business conducted at the Facility (excluding materials including the words "Covenant Care"); (f) to the extent transferable, all Licenses; (g) the General Intangibles, (h) the FF&E and (i) all other assets to the extent owned, leased, held or used by Current Operator in connection with the operation of the Facility.

1.3. "Assumed Operating Contracts" refers to the agreements identified in Exhibit A hereto, if any.

1.4. "Benefits" means all vacation, sick leave, comp time, health, dental, vision and similar employer-sponsored benefits plans, 401(k), Keogh and similar savings and retirement plans, in-lieu payments related to any of the foregoing benefit plans or any similar such benefit plan and each and every other employer benefit generally provided on a regular basis by Current Operator to its employees.

1.5. "Bill of Sale" refers to the Bill of Sale in the form attached hereto as Exhibit B, which is to be delivered in accordance with Section 3.1.

1.6. "Current Lease" has the meaning set forth in the recitals hereto.

1.7. "DHS" means the California Department of Public Health, California Department of Health Care Services, California Department of Social Services, or other applicable local or state agencies.

1.8. "Encumbrances" refers to security interests, leases, liens and financing arrangements encumbering the FF&E, as listed on Exhibit C, if any.

1.9. "Employee Schedule" means, for the Facility, a complete schedule which reflects, among other things the following: (i) the name and Social Security numbers of all employees of the Facility immediately prior to the Transfer Date, (ii) their positions, status (part or full time) and rates of

pay, (iii) I-9 status and E-Verify status, (iv) current Benefits enrollment data, and (v) a reasonable estimate of all available Benefits owing from Current Operator to such employees as of the Transfer Date.

1.10. "Employment Claims" means all pending and, to the Current Operator's Knowledge, threatened employee and employment-related claims, suits, charges, complaints and actions against the Current Operator, a Facility or any of their employees in the context of their employment relationship with the Current Operator.

1.11. "Excluded Assets" means and refers to the items enumerated on Exhibit D, if any, which are to be retained by Current Operator; Current Operator shall promptly repair all damage to the Facility occasioned by the removal of the Excluded Assets from the Facility.

1.12. "Excluded Liabilities" means any and all costs, expenses and other liabilities and obligations arising from the ownership or operation of the Facility prior to the Transfer Date, including without limitation, accounts payable; any liability for overpayment relating to the Facility with respect to services performed prior to the Transfer Date; any resident-related claim arising from actions or omissions occurring prior to the Transfer Date; any Employment Claims or any other obligations under any employment agreement, pension or retirement plan, profit-sharing plan, stock purchase or stock option plan, medical or other benefits or insurance plan, compensation or bonus agreement, vacation or severance pay plan or agreement or any other employee benefit plan or collective bargaining agreement, in each case, relating to the Employees prior to the Transfer Date; or any costs, expenses, or obligations arising under any contracts not assumed by New Operator.

1.13. "Facility" means the Facility identified in Schedule 1 attached hereto, together with all Licenses that are transferable under applicable law, Provider Agreements, FF&E, Inventory and other assets owned, leased, held or used by Current Operator in connection with the operation of the Facility, but not including any Excluded Assets.

1.14. "FF&E" refers to all Assets that are furnishings, fixtures, equipment, and every other item of personal property in place or in use at the Facility, excepting the Excluded Assets, if any, and excepting the personal property owned by the employees of the Current Operator that any such employee brings to the Facility.

1.15. "General Intangibles" means all of Current Operator's right, title and interest in any intangible property currently used exclusively in connection with the operation of the Facility including, without limitation, all of Current Operator's rights under all admission agreements, claims, contracts, leases, licenses, permits, plans, appraisals, studies, warranties, trade lists, mailing lists, charts, personnel records, property manuals, assignable guarantees and warranties in favor of any Current Operator, utility arrangements and other agreements relating to the ownership, operation or occupancy of the Facility, plus (without limiting the generality of the foregoing) all telephone numbers in use at or with respect to any of the Facility, and the Trade Name; but excluding any intangibles listed on Exhibit D.

1.16. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

1.17. "Inventory" means all consumable inventories of every kind and nature whatsoever (specifically including but not limited to all pharmacy supplies, medical supplies, office supplies,

maintenance supplies, foodstuffs and other supplies and consumables) owned by Current Operator and located at the Facility as of the date of this Agreement or the Transfer Date.

1.18. "Knowledge" means the actual knowledge of Dava Ashley, President; Kevin Kearney, CFO; Lance Hassel, COO and administrator of the Facility as of the Effective Date.

1.19. "Lease" means that certain [[_____]]

1.20. "License" shall mean and refer to a current and valid operating license(s) issued by DHS permitting the Facility's operation as a skilled nursing facility in the state of California.

1.21. "Management Agreement" means the Interim Management Agreement between Current Operator as Operator and New Operator as Manager.

1.22. "Material Adverse Effect" means any change, development, event, state of facts or occurrence that has, or could reasonably be expected to have, in the aggregate, a material adverse effect on (i) the property, assets, operations, operating results, or employee, vendor or third party payor relations of the Facility, taken as a whole, and which the parties agree will include the occurrence of a healthcare survey at the Facility that results in or, after the exit interview conducted by the surveyors, is expected to result in any citations or deficiencies that rise to "harm-level" of "G" or higher or (ii) Current Operator's ability to perform its obligations under this Agreement or the consummation by Current Operator of the transactions contemplated hereby, taken as a whole; *provided, however*, that in no event shall any of the following occurring after the date hereof, alone or in combination, be deemed to constitute a Material Adverse Effect: (A) any effect that results from changes affecting the skilled nursing or senior housing industry (to the extent such effect is not disproportionate with respect to Current Operator) or the United States economy generally (to the extent such effect is not disproportionate with respect to Current Operator), (B) any effect that results from changes affecting general worldwide economic or capital market conditions (to the extent such effect is not disproportionate with respect to Current Operator), (C) any effect resulting from compliance with the terms and conditions of this Agreement, or (D) any declaration of war, military crisis or conflict, civil unrest, act of terrorism, or act of God.

1.23. "Owner" refers to CTR Partnership, L.P., a Delaware limited partnership, which also is the landlord under the Lease.

1.24. "Operating Contracts" means those vendor, service and supplier operating contracts, equipment leases and similar arrangements related to the operations of the Facility, but shall not include contracts relating to facilities other than the Facility.

1.25. "Permitted Encumbrances" means (a) Encumbrances created by or resulting from the actions of Owner or New Operator, (b) statutory and contractual landlord liens incurred in the ordinary course of business for sums (i) not yet due and payable or (ii) being contested in good faith, (c) Encumbrances for Taxes not yet due and payable, (d) statutory mechanic's liens and materialmen's liens for services or materials and similar statutory liens for amounts not due and payable incident to construction and maintenance of real property, (e) the rights of residents in possession and (f) municipal and zoning ordinances.

1.26. "Pre-Transfer Accounts" means all revenues, monies, accounts, payments and other proceeds of the operation of the Facility and all rights to the foregoing, including without limitation Medicare and Medicaid-related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by the operation of the Facility before the Transfer Date.

1.27. "Post-Transfer Accounts" means all revenues, monies, accounts, payments and other proceeds of the operation of the Facility and all rights to the foregoing, including without limitation Medicare and Medicaid-related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by the operation of the Facility on or after the Transfer Date.

1.28. "Provider Agreements" means, collectively all Third Party Payor provider agreements and all other agreements with managed care organizations for the provision of services.

1.29. "Rehired Employee" refers to any employee of Current Operator who is offered and accepts employment with New Operator on or before the Transfer Date, with such employment to commence as of the Transfer Date.

1.30. "Resident Trust Property" means and includes any and all resident trust funds or resident deposits and other property held by Current Operator immediately prior to the Transfer Date for past, present or future residents of the Facility.

1.31. "State" means the state of California.

1.32. "Terminated Operating Contracts" refers to all Operating Contracts in effect at the Facility prior to the Transfer Date which are not listed on Exhibit A.

1.33. "Trade Name" refers to the name of the Facility as set forth on Schedule 1 attached hereto.

1.34. "Third Party Payors" refers to all third-party payors, including Medicare, Medicaid, Veterans Affairs, managed care organizations and insurers, bundled payment initiatives and conveners, accountable care organizations, and other third party payors.

1.35. "Third Party Payor Program" refers to all programs and provider agreements with Third Party Payors.

1.36. "Transfer Date" shall be and mean, subject to the last sentence of Section 2.1.1 below, the effective date of the Transaction.

1.37. "WARN Act" refers to the federal Worker Adjustment and Retraining Notification Act and any comparable State law or regulation.

ARTICLE 2. TRANSFER OF OPERATIONS; AGREEMENTS

2.1. Transfer of Operations.

2.1.1. Subject to Section 2.6 hereto, as of the Transfer Date, but subject to the terms and conditions hereof, Current Operator hereby transfers, assigns, sets over and conveys to New Operator, and New Operator hereby agrees to accept, other than the Excluded Assets, the Assets and all of Current Operator's right, title and interest in and to the business operations of the Facility, including without limitation all resident admission agreements, Provider Agreements (as assignable), transfer agreements, payor sources, and every other right, privilege, process and system in place and intact, as more fully set forth in this Agreement, effective as of the Transfer Date. Current Operator hereby assigns all existing agreements with residents at the Facility, and with any guarantors thereof (but excluding the Pre-Transfer Accounts) to New Operator as of the Transfer Date. Current Operator agrees not to refuse admissions or remove any resident from the Facility prior to the Transfer Date except for valid medical and other lawful reasons or as would otherwise occur in the normal course of its operation of the Facility in its commercially reasonable discretion. Current Operator agrees to operate the Facility in substantial compliance with all laws, statutes, orders and regulations applicable to and/or necessary for the lawful operation of the Facility and maintenance of licensure. Current Operator and New Operator further agree that Current Operator will transfer possession of the Facility and the Assets to New Operator, free of Encumbrances (other than Permitted Encumbrances), as of the Transfer Date. The right to occupy the Facility will be transferred by the Lease. Subject to Section 2.6 hereto, Current Operator agrees that Current Operator's rights and obligations in and to the Facility and all of its rights to occupy or otherwise operate the Facility shall terminate as of the Transfer Date, except those rights or obligations which survive or are retained by Current Operator pursuant to this Agreement. Title and similar rights to the remaining Assets will be transferred to New Operator by either Bill of Sale or, if the Assets are subject to an Operating Contract, then by assignment and assumption of that Operating Contract, to the extent so assignable. For payroll purposes only, the Transfer shall be deemed to occur with the payroll for the Facility that begins at 7:00 a.m. on the Transfer Date. For operational purposes only, Current Operator and New Operator agree that the transfer of operations shall occur at the Facility at 10:00 am on the Transfer Date.

2.1.2. NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY RELATED DOCUMENT OR AGREEMENT TO THE CONTRARY, CURRENT OPERATOR IS ONLY TRANSFERRING CERTAIN OPERATING ASSETS OF THE FACILITY AND IS NOT ASSIGNING TO NEW OPERATOR, NOR IS NEW OPERATOR ASSUMING FROM CURRENT OPERATOR, ANY LIABILITY FOR CLAIMS, COSTS, EXPENSES, CONTRACTUAL ARRANGEMENTS, DUTIES OR OBLIGATIONS, CURRENT OPERATOR'S GENERAL, PROFESSIONAL AND OTHER OPERATIONAL LIABILITIES, ERRORS OR OMISSIONS, OR OTHER DUTIES, OBLIGATIONS OR LIABILITIES OF CURRENT OPERATOR, ITS AFFILIATES OR ITS PREDECESSORS-IN-INTEREST, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, TO THE EXTENT ARISING FROM OR RELATED IN ANY WAY TO THE OPERATION OF THE FACILITY PRIOR TO THE TRANSFER DATE.

2.2. Best Efforts. Promptly upon execution of this Agreement by the parties, the New Operator shall proceed with all commercially reasonable diligence to submit a change of ownership application to DHS for the License and shall proceed with all reasonable diligence following the date of such submission to obtain the same. Upon the issuance of a provisional, probational or temporary license or such earlier time permitted by applicable law or regulation, the New Operator shall submit an application for the issuance of a new provider number under the applicable government reimbursement program and agreement in the name of the New Operator, pursuant to all applicable laws and regulations regarding the same and shall proceed with all reasonable diligence to obtain the same.

2.3. Public Announcements. Each of New Operator and Current Operator agrees that it shall not announce or disclose, and shall employ reasonable efforts to prevent its officers, employees and agents from announcing or disclosing, the negotiations and transaction which are the subject of this Agreement without the prior consent of New Operator or Current Operator, as applicable, unless a public announcement or any other notice to any third party is required by law (including for example, and not by way of limitation, WARN Act or comparable State law requirements, which are covered under Article VI below), prior to the Transfer Date.

2.4. Cooperation.

2.4.1. Each party agrees to cooperate in all reasonable respects with the other party in effecting a change in operation of the Facility for the purposes of licensing and certification in order to ensure the continuous and uninterrupted operation of the Facility, including without limitation by (a) the surrender of the existing License, (b) the assignment or surrender, as applicable, of the Provider Agreements, and (c) the execution of any documents that may be necessary or desirable to effect the orderly and uninterrupted transition of the License, Provider Agreements and other certifications to New Operator. Current Operator agrees not to take any action or commit any omission that will or could be reasonably expected to result in the termination or suspension of the existing License or provider agreements. For the avoidance of doubt, Current Operator shall be required to fulfill, at its sole cost and expense, all requirements of any governmental authority having jurisdiction of the Facility as contained in any survey (including a change of ownership survey), report, citation, plan of correction, judgment, order or other directive relating to the operation of the Facility prior to the Transfer Date, and the official acceptance thereof as may be required to obtain the License and as otherwise set forth in this Agreement.

2.4.2. Current Operator agrees not to take any action or commit any omission that would result in the termination or suspension of the existing License or Provider Agreements.

2.4.3. Current Operator agrees to cure all matters which may be identified by DHS regarding the operations of the Facility prior to the Transfer Date, including, but not limited to, those matters which pertain to administrative forfeitures or other enforcement actions imposed against Current Operator by DHS for violations occurring prior to the Transfer Date. Such cure(s) will be at Current Operator's sole cost and expense. Current Operator agrees to cure any and all such matters within three (3) business days of Current Operator's receipt of notice from DHS or within the timeframes specified by DHS (provided, however, that if any such matter is not capable of cure within such three (3) business day period, Current Operator shall commence to cure such matter within the three (3) business day period (or such earlier period of time as may be required by DHS) and thereafter shall promptly proceed to complete the cure of such matter prior to the earlier to occur of (a) twenty (20) days after Current Operator's receipt of a copy of the notice from DHS or (b) such earlier period of time as may be required by DHS.

2.4.4. Current Operator hereby covenants to notify New Operator by electronic mail of (i) the occurrence of a survey at the Facility within seven (7) days (but in any case prior to the Transfer Date) of any such survey at the Facility, (ii) the communications from any state surveyor during the exit interview within three (3) business days (but in any case prior to the Transfer Date) and (iii) any citations or deficiencies identified in a survey report related to the Facility within three (3) business days of the receipt thereof (but in any case prior to the Transfer Date).

2.4.5. Prior to the Transfer Date as mutually agreed to by New Operator and Current Operator, but in no event later than three (3) weeks prior to the Transfer Date, New Operator and Current Operator shall hold a joint meeting at the Facility to announce that the Facility will be transferred to New Operator. At any time after this joint meeting, New Operator and its affiliates will be entitled to meet with and interview any and all employees and make offers of employment to such employees in accordance with this Agreement, with such interviews and meetings to take place at such times and locations as are acceptable to Current Operator in its reasonable discretion to ensure no disruption of operations of the Facility.

2.5. Conditions. This Agreement and the respective obligations of the parties hereunder are conditioned upon the following:

2.5.1. For New Operator's benefit:

2.5.1.1. Current Operator shall deliver to New Operator, on or before the Transfer Date, the following: (a) the Bill of Sale, (b) the Assignment and Assumption Agreement, and (c) all agreements, assignments, exhibits, schedules, instruments, obligations and other documents required to be delivered or performed pursuant to this Agreement,

2.5.1.2. no injunction, judgment, order, decree, ruling or charge shall be in effect under any action, suit or proceeding before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator that (i) prevents consummation of any of the transactions contemplated by this Agreement or (ii) would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, provided that New Operator has not solicited or encouraged any such action, suit or proceeding,

2.5.1.3. Current Operator's substantial fulfillment of all requirements of any governmental agency having jurisdiction of the Facility as contained in any survey report, citation, plan of correction, judgment, order or other directive relating to the operation of the Facility, and the official acceptance thereof by such agency,

2.5.1.4. prior to the expiration of the Due Diligence Period, New Operator shall be satisfied in its sole discretion with the results of its Due Diligence Investigation. If New Operator shall not be so satisfied and New Operator notify Current Operator thereof in writing on or prior to the end of the Due Diligence Period, this Agreement shall be of no further force and effect and neither Current Operator nor New Operator shall have any further rights or obligations hereunder except with respect to those rights and obligations, if any, which specifically survive termination of this Agreement. If New Operator fails to give such notice to Current Operator prior to the end of the Due Diligence Period, it shall be conclusively presumed that New Operator is satisfied with the results of their Due Diligence Investigation and this condition shall be deemed satisfied, and this Agreement shall continue in full force and effect,

2.5.1.5. New Operator's receipt of its own License from DHS (or if the Interim Management Agreement is used then this condition shall be deemed a condition subsequent, to be fulfilled within one year following the Transfer Date),

2.5.1.6. termination of the Current Lease,

2.5.1.7. execution of the Lease,

2.5.1.8. [intentionally omitted],

2.5.1.9. Current Operator's surrender of possession of the Facility and the operations therein to New Operators on the Transfer Date in accordance with this Agreement,

2.5.1.10. none of the following will have been done by, against or with respect to Current Operator: (A) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (B) the appointment of a trustee or receiver of any property interest; (C) an assignment for the benefit of creditors; (D) an attachment, execution or other judicial seizure of a substantial property interest; (E) the taking of, failure to take, or submission to any action indicating an inability to meet its financial obligations as they accrue; or (F) a dissolution or liquidation,

2.5.1.11. between the Effective Date and the Transfer Date, inclusive, no destruction of or damage from any cause whatsoever, will have occurred with respect to the Facility that, according to Current Operator's reasonable estimate, would cost, in the aggregate, more than One Hundred Thousand Dollars ($100,000.00) to repair, restore and replace or would take longer than sixty (60) days to repair, restore and replace, in which event, New Operator may terminate this Agreement,

2.5.1.12. on the Effective Date through the Transfer Date, there shall not have occurred any change or changes concerning the Facility or the Assets that individually or in the aggregate has or would be reasonably expected to have a Material Adverse Effect, *provided, however*, that Current Operator will have thirty (30) days following notice from New Operator of such condition or conditions giving rise to the Material Adverse Effect to cure such condition, and

2.5.1.13. each representation and warranty made by the other party in this Agreement shall be true and correct in all material respects on the Effective Date and on the Transfer Date (except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "material") shall be true, correct and complete in all respects).

New Operator may, but is not required to, waive or defer (in writing) the fulfillment of any one or more of the foregoing conditions in its sole discretion.

2.5.2. For Current Operator's benefit,

2.5.2.1. New Operator shall deliver to Current Operator, on or before the Transfer Date, the following: (a) the Bill of Sale, (b) the Assignment and Assumption Agreement, and (c) all agreements, assignments, exhibits, schedules, instruments, obligations and other documents required to be delivered or performed pursuant to this Agreement,

2.5.2.2. New Operator's receipt of its own License from DHS (or if the Interim Management Agreement is used then this condition shall be deemed a condition subsequent, to be fulfilled within one year following the Transfer Date),

2.5.2.3. termination of the Current Lease, and

2.5.2.4. New Operators' acceptance of possession of the Facility and the operations therein on the Transfer Date in accordance with this Agreement.

Current Operator may, but is not required to, waive or defer (in writing) the fulfillment of any one or more of the foregoing conditions in its sole discretion.

2.5.3. In the event that, (i) despite commercially reasonable good-faith efforts by both parties, the foregoing conditions precedent or conditions subsequent are not satisfied within one year of the Transfer Date, or (ii) the Interim Management Agreement is sooner terminated pursuant to the terms of the Interim Management Agreement with Owner's written consent, then either party shall have the option to terminate this Agreement upon ten (10) business days written notice to the other if the unfulfilled condition(s) are not satisfied, cured or waived within such ten (10) business day period. Upon such termination, each party shall bear its own costs incurred in the preparation of this Agreement and in performing its obligations hereunder through the date of termination, and neither party shall have any further obligation to the other hereunder. Pending any such termination, each party shall perform its respective obligations pursuant to this Agreement and the Management Agreement.

2.5.4. Notwithstanding the foregoing, if New Operator has not received its own License within one hundred eighty (180) days following the Transfer Date, Current Operator may elect to extend the term of the Interim Management Agreement; and if New Operator has not received its own License within 1.5 years of the Transfer Date, New Operator shall reasonably cooperate with Current Operator to identify a substitute operator reasonably acceptable to Current Operator.

2.6. Interim Occupancy and Management. If applicable, to facilitate New Operator's operation of the Facility from the Transfer Date until New Operator receives its own operating license for the Facility from DHS, Current Operator shall execute and deliver to New Operator, on or before the Transfer Date, the Interim Management Agreement, to permit Current Operator to retain possession of the Facility in accordance with California law, and the New Operator to operate the Facility in accordance with the Interim Management Agreement and under Current Operator's License and Provider Agreements for such period. In consideration for the agreements of Current Operator set forth

herein, New Operator agrees (i) to proceed with all reasonable diligence following the Transfer Date to apply for (if not already applied for) and pursue (a) an operating license(s) from DHS and (b) if transferable, the transfer of the Provider Agreements to New Operator's name, and (ii) to operate the Facility in substantial compliance with applicable laws and regulations for so long as it is operating the same under Current Operator's License and Provider Agreements. Current Operator and New Operator mutually covenant and agree to timely perform each and every obligation of the Operator and Manager, respectively, contained in the Interim Management Agreement. A default by either party under this Agreement shall be deemed a default by such party under the Interim Management Agreement, and a default by either party under the Interim Management Agreement shall be deemed a default by such party under this Agreement.

2.7. Due Diligence

2.7.1. New Operator shall have the right until the day that is thirty (30) days from the Effective Date (the "**Due Diligence Deadline**," and the period ending on the Due Diligence Deadline, the "**Due Diligence Period**") to enter upon the Facility at such times as may be mutually convenient and as may be scheduled by Current Operator to conduct such inspections, investigations, tests and studies as New Operator shall deem necessary, including, without limitation, environmental site assessments, engineering tests and studies, and physical examinations of the Facility. New Operator may perform other due diligence investigations and feasibility studies, including a review of the financial condition and operations of the Facility and of any litigation, bankruptcy, judgment and security interests in the name of the Current Operator, Seller and the Facility (the "**Due Diligence Investigation**"). To the extent New Operator hires any third party site inspectors, engineers or other parties that will invasively inspect and/or test the Facility, New Operator will secure the prior written consent of Current Operator to any such inspections or tests, which consent may not be unreasonably withheld, conditioned or delayed, and will ensure that any such third party has adequate insurance covering any potential damage done to the Facility as a result of such inspection/testing and shall provide Current Operator with evidence thereof upon request. During the Due Diligence Period, New Operator shall also have the right to tour the Facility at such mutually convenient times as may be arranged by Current Operator, to review the books and records related to the financial condition and the operations thereof and to observe the day-to-day operations and management thereof subject to New Operator's obligation not to disrupt the day-to-day operations at the Facility and to perform any such inspections of the books and records of the Facility in compliance with applicable local, state or federal laws governing the confidentiality of resident and/or employee records. To maintain the confidentiality of this pending transaction, New Operator will require that any third parties who will need access to the Facility or information from the Facility will not contact the Facility directly, and will only inspect or visit the Facility while accompanied by a representative of Current Operator designated for this purpose. Notwithstanding any conflicting provision of this Agreement, New Operator shall not contact any employee, resident or vendor of the Facility except for communications that are coordinated by Current Operator through appointments that are mutually convenient to the parties; provided that New Operator or its affiliates shall have the right during the Due Diligence Period to meet and interview key corporate-level personnel and facility-level leaders at a place and time agreed upon by Current Operator or its affiliates.

2.7.2. Current Operator has previously provided or within five (5) days after the Effective Date will provide, New Operator with the materials listed on the attached Exhibit L (the "**Initial Due Diligence Materials**"). Subject to availability, Current Operator will endeavor to provide for New

Operator's review within five (5) business days after receipt of a request therefor from New Operator, copies of any additional due diligence documents as may be reasonably requested by New Operator during the Due Diligence Period (the "**Supplemental Due Diligence Materials**" and together with the Initial Due Diligence Materials, the "**Due Diligence Materials**"). New Operator shall notify Current Operator in writing of any Due Diligence Materials which they deem to be necessary for its Due Diligence Investigation and which it has reason to believe have not been made available to it by Current Operator.

2.7.3. If, during the Due Diligence Period, New Operator, as a matter of its sole discretion, determines for any or no reason whatsoever that the Assets are not suitable for New Operator's use, New Operator, by written notice given to Current Operator before the Due Diligence Deadline, shall have the right to terminate this Agreement. If this Agreement is terminated as provided in this Section 2.7.3, except as otherwise expressly provided in this Agreement, the Parties shall have no further obligations hereunder.

ARTICLE 3. TRANSFER OF OPERATING ASSETS

3.1. Conveyance of Inventory. Current Operator hereby agrees to transfer the Inventory free of all liens and encumbrances to New Operator on the Transfer Date by the execution and delivery to New Operator of the Bill of Sale. Current Operator agrees to maintain the Inventory at least at normal operating levels (but in no event less than statutorily-required levels) at all times up to and including the Transfer Date. Current Operator shall have no obligation to deliver the Inventory to any location other than the Facility, it being understood and agreed that the presence of the Inventory at the Facility on the Transfer Date shall constitute delivery thereof.

3.2. Furnishings, Fixtures and Equipment. Current Operator and New Operator acknowledge and agree that, except as specifically noted on Exhibit C, the FF&E is the property of Owner and possession thereof shall be transferred to the New Operator pursuant to this Agreement and the Lease on the Transfer Date, and as such, Current Operator agrees not to remove any FF&E from the Facility except as noted on Exhibit D, and in the event of any such permitted removal to repair any damage to the Facility occasioned thereby. Except as noted on Exhibit D and except for the disposal of obsolete or worn-out assets and replacement thereof in the ordinary course of business, the FF&E not belonging to Owner, if any, shall be transferred to New Operator under the Bill of Sale. Current Operator shall have no obligation to deliver the FF&E to any location other than the Facility, it being understood and agreed that the presence of the FF&E at the Facility on the Transfer Date shall constitute delivery thereof.

3.3. Intentionally omitted.

3.4. Intentionally omitted.

3.5. Transfer of Provider Agreements.

3.5.1. Current Operator acknowledges that, in accordance with all applicable law and regulation and under certain Third Party Payor Programs (to the extent permitted by the relevant Third Party Payor Program contract or regulation), New Operator may bill any Third Party Payor Program for services furnished to any Facility residents from and after the Transfer Date, utilizing the

provider number or Third Party Payor Provider Agreement issued to Current Operator, as applicable, and Current Operator hereby consents (i) to the use of Current Operator's Federal Tax ID Number and provider numbers under all Third Party Payor Programs solely for the purpose of billing any such Third Party Payor Program and (ii) subject to the provisions set forth in Section I.L. of the Interim Management Agreement, the direct or indirect payment of Post-Transfer Accounts to an account or accounts titled in the name of New Operator or any other entity designated by New Operator for such purpose in accordance with Section 5.4. Current Operator further agrees to promptly provide such letters, consents, verifications, information and other documents, as is reasonably necessary or required by applicable law or regulation, to the applicable governmental authority, Third Party Payors and/or banking institutions necessary to obtain all necessary approvals for the assignment of said Provider Agreements or Third Party Payor Programs and to effectuate the collection process set forth in Section 5.4 and the direct or indirect payment of Post-Transfer Accounts as set forth above in this Section 3.5 and in Section 5.4 and Section 5.5, and New Operator as may be reasonably requested or required to effectuate the transfer or assignment of the Provider Agreements (if allowable under applicable law) and New Operator's acquisition of a new provider agreement, provided however that as long as Current Operator materially complies with the foregoing, Current Operator shall have no liability whatsoever to New Operator or otherwise in the event that the applicable governmental program or agency does not issue to New Operator a new provider agreement. If so requested by New Operator, Current Operator shall promptly execute written and electronic notifications to the payors under the applicable governmental program in which the Facility participates so that resident payments for services rendered following the Transfer Date are sent to the Facility via paper check. New Operator shall be responsible for the preparation of such written notification(s); Current Operator agrees to execute and return the notification(s) to New Operator within five (5) business days of receipt. In addition, Current Operator agrees to provide to New Operator prior to the Transfer Date the contact information of its representative(s) at such Third Party Payor Programs and to facilitate the direct communication between New Operator and such representatives to coordinate the implementation of this Section 3.5.1.

3.5.2. Current Operator shall prepare and file any Medicare and/or Medicaid cost reports and complete any open and discharge Medical Data Set records related to the period prior to the Transfer Date, including any final Medicare or Medicaid cost reports, not later than the date each such report is due. Following the Closing, Current Operator shall be authorized to have reasonable contact with the business office manager or other persons with access to the information at the Facility during normal business hours in order to obtain information needed to prepare the final Medicare and/or Medicaid cost reports with respect to claims filed with Medicare and/or Medicaid prior to the Transfer Date for the Facility, and New Operator shall provide Current Operator with reasonable access, upon prior notice and during normal business hours to such Facility Records, as it requests, to complete such reports. All proceeds from Current Operator's cost reports received after the Transfer Date that relate to Pre-Transfer Accounts shall remain the property of Current Operator as and when received. Additionally, since New Operator will utilize Current Operator's Medicare provider number and provider agreement, New Operator shall, in connection with the preparation and filing of its cost reports following the Transfer Date, include in all such cost reports an amount equal to the amount of bad debt carried on the books of Current Operator that relate to Pre-Transfer Accounts arising from services provided to Medicare beneficiaries. Upon settlement of such amount under the Medicare program, New Operator shall promptly forward all such amounts, if any, back to Current Operator.

3.5.3. Notwithstanding any other provisions in this Agreement, in no event shall Current Operator have any liability whatsoever with respect to Losses relating to (i) New Operator's furnishing of items or services, on or after the Transfer Date, to Medicare, Medicaid or Third Party Payor beneficiaries, (ii) New Operator's financial accounting, coding, billing, cost reporting or claims submissions activities for its own account with respect to Third Party Payors, Medicare, Medicaid or other government program, on or after the Transfer Date, or (iii) New Operator's retention of payments for the furnishing of such items and services, and New Operator shall indemnify, defend and hold Current Operator harmless against and with respect to any Losses arising therefrom.

3.5.4. Notwithstanding any other provisions in this Agreement, in no event shall New Operator have any liability whatsoever with respect to Losses relating to (i) Current Operator's furnishing of items or services, prior to the Transfer Date, to Medicare, Medicaid or Third Party Payor beneficiaries, (ii) Current Operator's financial accounting, coding, billing, cost reporting or claims submissions activities for its own account with respect to Third Party Payors, Medicare, Medicaid or other government program, prior to the Transfer Date, or (iii) Current Operator's retention of payments for the furnishing of such items and services, and Current Operator shall indemnify, defend and hold Current Operator harmless against and with respect to any Losses arising therefrom (without any limitation).

3.6. General Intangibles. General Intangibles used or held in connection with the operation of the business in the Facility shall be transferred to New Operator on the Transfer Date by execution and delivery of the Bill of Sale. Current Operator agrees to assign all of Current Operator's right, title and interest in and to the Trade Name to New Operator and agrees to cease all usage of the Trade Name from and after the Transfer Date (except as required by law) and to file an abandonment of such business name to the extent necessary to relinquish its rights therein. Notwithstanding anything to the contrary in this Section 3.6, Current Operator shall have the right to continue to use the Trade Name in connection with the following: (a) any existing employee health care plans; (b) any existing employee Internal Revenue Code Section 125 or "cafeteria" plan; (c) collecting Pre-Transfer Accounts; (d) resolving any disputes that may arise regarding Pre-Transfer Accounts; and (e) winding up of its affairs and business with respect to the Facility, subject to all applicable laws and statutes of limitation.

3.7. Excluded Assets. The Excluded Assets are not included in this transaction and shall be retained by or delivered to Current Operator in accordance with the terms, conditions, and procedures, including without limitation proration procedures, set forth in Exhibit D.

3.8. Preservation of Facility Value. Current Operator acknowledges that a fair return to New Operator on its investment in the Facility is dependent, in part, on the continued operation of the Facility between the Effective Date and the Transfer Date. Current Operator further acknowledges that diversion of residents and/or patients, as applicable, from the Facility to other facilities or institutions and/or reemployment by Current Operator of management or supervisory personnel working at the Facility following the expiration or earlier termination of this Agreement at other facilities or institutions owned, operated or managed, whether directly or indirectly, by Current Operator or its Affiliates could have a material adverse impact on the value and utility of the Facility. Accordingly, New Operator and Current Operator agree as follows:

3.8.1. Between the Effective Date and the Transfer Date, neither Current Operator, nor any of its respective affiliates, directly or indirectly, without the prior written consent of New

Operator, not to be unreasonably withheld, and except as Current Operator determines is reasonably necessary for a patient's appropriate medical needs will: (i) recommend or solicit the removal or transfer of any resident or patient from the Facility to any other skilled nursing, health care, rehabilitative care, senior housing or retirement housing facility, excluding any such facilities owned by New Operator; (ii) transfer personnel, residents, patients or patient care activities of the Facility to any other facility owned or operated by Current Operator or any of its affiliates or from which Current Operator or any of its affiliates receive any type of compensation or fee for such transfer.

3.8.2. Between the Effective Date and the Transfer Date, neither Current Operator nor any of its respective affiliates shall directly or indirectly, induce any regional supervisory personnel working exclusively in connection with the Facility or the geographic area in which the Facility is located, to accept employment at any other skilled nursing, health care, rehabilitative care, senior housing, or retirement housing facility that is operated, owned, developed, leased, managed, controlled, or invested in by Current Operator or any of its affiliates or in which Current Operator or any of its affiliates otherwise participates in or from which Current Operator or any of its Affiliates receives revenues.

3.8.3. Current Operator shall not, without the prior written consent of New Operator, reduce or allow to be reduced, either permanently or temporarily, the number of licensed beds at any Facility, except through no fault of its own.

ARTICLE 4. RESIDENT TRUST FUNDS & OTHER PROPERTY

4.1. Accounting for Resident Trust Property. As of the Transfer Date, or sooner if so required by State law, Current Operator shall prepare a true, correct and complete accounting (properly reconciled) of all Resident Trust Property and shall submit the same to New Operator for its review and approval, such approval not to be unreasonably withheld, delayed or conditioned. If and to the extent required by State law in connection with the issuance to New Operator of a License or otherwise, such accounting shall be certified by an independent certified public accountant.

4.2. Transfer of Resident Trust Property. No later than three (3) business days following the Transfer Date, Current Operator agrees to (i) remit to the parties entitled thereto all Resident Trust Property which Current Operator or the Facility is no longer entitled or permitted to hold, and (ii) transfer all remaining Resident Trust Property to New Operator, and New Operator hereby agrees that it will hold such remaining Resident Trust Property in trust for the residents entitled thereto, in accordance with applicable statutory and regulatory requirements.

4.3. Indemnification for Resident Trust Property.

4.3.1. Current Operator will indemnify, defend and hold New Operator harmless for, from and against all liabilities, claims and demands, including reasonable attorneys' fees and costs, for claims that the Resident Trust Property transferred to New Operator does not represent all of the Resident Trust Property delivered to Current Operator as custodian, and for claims which arise from the alleged acts or omissions of Current Operator with respect to the Resident Trust Property held or handled by Current Operator at any time.

4.3.2. New Operator will indemnify, defend and hold Current Operator harmless for, from and against all liabilities, claims and demands, including reasonable attorneys' fees and costs, in the event a claim is made against Current Operator by a resident for his/her Resident Trust Property where such resident's funds or other property were validly transferred to New Operator pursuant to the terms hereof.

ARTICLE 5. RECEIVABLES & REIMBURSEMENTS

5.1. Current Operator's Cost Reports. Current Operator shall timely prepare and file with the applicable governmental agency its cost reports for the fiscal year ending immediately preceding the fiscal year in which the Transfer Date occurs, and for any stub period and final cost reports up to the Transfer Date in respect to its operation of the Facility which are required to be filed by law under the terms of the Medicare and Medicaid programs or any other Third Party Payor Program that settles on a cost report basis. Current Operator will provide the appropriate agencies with any information needed to support claims for reimbursement made by Current Operator either in such final cost reports or in any cost reports filed for prior or subsequent cost reporting periods. Current Operator shall promptly provide New Operator with copies of such reports and supporting documentation. In the event Current Operator fails to timely, accurately or completely file any cost report for the Facility, New Operator shall have the right but not the responsibility, and Current Operator hereby irrevocably appoints New Operator as its agent and attorney in-fact for such purpose, to prepare, file, and otherwise process such cost reports for Current Operator's name and behalf and at Current Operator's expense. If New Operator elects to prepare, file, complete, correct and/or process any such report, it shall do so without any legal liability for any errors or omissions therein, and Current Operator hereby forever releases, waives, and discharges New Operator from any liability, known or unknown, for its handling of any cost report hereunder.

5.2. [Bad Debt. After the Transfer Date, Current Operator shall promptly and diligently provide New Operator with reasonable and appropriate documentation regarding Current Operator Bad Debt.

5.2.1. New Operator shall timely prepare and file with the Center for Medicare and Medicaid Services and the appropriate state agency for the Facility, its initial cost report for the fiscal year commencing with the fiscal year in which the Transfer Date occurs, and will include in its initial cost report the Medicare bad debts incurred by Current Operator prior to the Transfer Date (the "Current Operator Bad Debt") promptly after receipt of the same from Current Operator.

5.2.2. New Operator shall notify Current Operator within five (5) business days of receipt of any notice of adverse audit adjustments, overpayment, recoupment, fine, penalty, late charge or assessment accruing in relation to the Current Operator Bad Debt. New Operator agrees to appeal at the request of, on behalf of, and at the sole expense of Current Operator, including any reasonable internal corporate expense of New Operator, any Medicare claims audit, cost report audit, overpayment, recoupment, fines, penalties, late charges and assessment accruing in relation to the Current Operator Bad Debt. Current Operator and New Operator shall each reasonably cooperate with the other respective party, with respect to any such matters, including but not limited to timely providing any requested documentation within the other party's possession or control. New Operator is

not responsible for (i) the actual results of any such appeal, or (ii) Current Operator's failure to provide information and/or documents necessary to process any such appeal.

5.3. Adjustments and Appeals. Current Operator and New Operator shall each notify the other respective party within five (5) business days of receipt of any notice of adverse audit adjustments, overpayment, recoupment, fine, penalty, late charge or assessment accruing for any period prior to the Transfer Date and which adversely affects New Operator's Medicare or Medicaid future reimbursement rates. Current Operator hereby agrees to appeal at the request of, on behalf of, and at the sole expense of New Operator, including any reasonable internal corporate expense, of New Operator any Medicare or Medicaid claims audit, cost report audit, overpayment, recoupment, fines, penalties, late charges and assessment accruing for any period prior to the Transfer Date and which adversely affects New Operator's Medicare or Medicaid future reimbursement rates after Current Operator advises New Operator, in writing, of its intent not to contest or appeal any such matters; provided, that, New Operator makes such a request a minimum of seven (7) days prior to the expiration of the contest or appeal period. Current Operator and New Operator shall each reasonably cooperate with the other respective party, with respect to any such matters, including but not limited to timely providing any requested documentation within the other party's possession or control. Current Operator is not responsible for (i) the actual results of any such appeal or (ii) New Operator's failure to provide information and/or documents necessary to process any such appeal.]

5.4. Accounts Receivable.

5.4.1. Schedule of Pre-Transfer Accounts. Current Operator shall deliver to New Operator a complete and accurate patient/resident roster with account status, responsible party, payor source and agings not less than fifteen (15) days prior to the Transfer Date, and shall update such roster as of the Transfer Date (the "Pre-Transfer Accounts Schedule").

5.4.2. Pre-Transfer Accounts Receivable. Current Operator shall retain its right, title and interest in and to all Pre-Transfer Accounts, including, but not limited to, accounts receivable and other rights to payment generated from the operation of the Facility prior to the Transfer Date (including accounts receivable arising from rate adjustments which relate to periods prior to the Transfer Date even if such adjustments occur after the Transfer Date), and Current Operator shall remain liable for any overpayments (including, without limitation, recapture of pass-throughs) made to Current Operator for periods prior to the Transfer Date for which payment is due to (or for which subsequent reimbursements are offset or denied by) Medicare, Medicaid or any other Third Party Payor after the Transfer Date. On the Transfer Date, Current Operator shall provide New Operator with a schedule setting forth by patient/resident its outstanding Pre-Transfer Accounts as of the Transfer Date. Current Operator agrees to timely and properly bill and collect all such Pre-Transfer Accounts. Current Operator and New Operator agree that the "pay to" address for Medicare and Medicaid payments shall continue to be the Facility address. New Operator further agrees to authorize Current Operator to endorse checks made payable to the Trade Name or its present or past lawful owners or any similar names or payees, and deposit same in Current Operator's account, subject to Current Operator's complying with the accounting, notification, distribution and other provisions of this Agreement with respect to such Pre-Transfer Accounts. The parties expressly agree that New Operator shall have no ownership interest in or responsibility for the collection of Pre-Transfer Accounts.

5.4.3. Post-Transfer Accounts. As of the Transfer Date, Current Operator hereby irrevocably assigns to New Operator any and all interest it may have in the Post-Transfer Accounts with the authority and power to bill and collect same, and disclaims all right, title and interest therein and thereto. Current Operator and New Operator agree that the "pay to" address for payments shall continue to be the Facility address. Pursuant to this Agreement, Current Operator authorizes New Operator to endorse checks made payable to the Trade Name for Post-Transfer Accounts and deposit same, subject to New Operator complying with the accounting, notification, distribution and other provisions of this Agreement. This Section 5.4.3 is subject to the provisions of the Interim Management Agreement.

5.5. Handling of Receipts by New Operator. Payments received by New Operator after the Transfer Date from Third Party Payors, such as the VA, self-pay, HMO, private insurance payors and others, shall be handled as follows:

5.5.1. If such payments either specifically indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods prior to the Transfer Date, they shall be forwarded to Current Operator by New Operator, along with the applicable remittance advice, on the first business day of each week and on the last business day of each month;

5.5.2. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods on or after the Transfer Date, they shall be retained by New Operator; and

5.5.3. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods both prior to and after the Transfer Date, the portion thereof which relates to the period on and after the Transfer Date shall be retained by New Operator and the balance shall be remitted to Current Operator by check on the first business day of each week and on the last business day of each month, with a copy of the remittance advice.

5.5.4. Except as otherwise specified herein, if such payments fail to indicate the period to which they relate, then all such unidentified payments received by New Operator within seventy-five (75) days following the Transfer Date shall be deemed to relate first to unpaid Pre-Transfer Accounts (if any) as set forth on the Pre-Transfer Accounts Schedule and applied by New Operator to reduce such resident's account until the balance is zero, and the balance of each payment, if any, will then be applied to reduce any balances due for services rendered by New Operator on and after the Transfer Date. Unidentified payments received thereafter shall be deemed to relate to Post-Transfer Accounts for the resident covered, and handled as set forth in Section 5.5.2. Notwithstanding the foregoing, the parties acknowledge that any payment from the Social Security Administration to Current Operator as the representative payee for a current resident on or after the Effective Date (the "Social Security Payment") shall be deemed the payment of a Post-Transfer Account and shall be used for the resident's current needs (including the current month's rent and care) as required by law and handled as set forth in Section 5.5.2. In the event the Social Security Payment includes amounts in excess of the resident's current needs, then as permitted by law, the excess shall be deemed to relate to the resident's unpaid Pre-Transfer Account, if any, and shall be handled as set forth in Section 5.5.1.

5.6. Handling of Receipts by Current Operator. Payments received by Current Operator after the Transfer Date from Third Party Payors, such as the VA, self-pay, HMO, private insurance payors and others, if any, shall be handled as follows:

5.6.1. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods prior to the Transfer Date, they shall be retained by Current Operator;

5.6.2. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods on or after the Transfer Date, they shall be forwarded to New Operator by Current Operator via check, along with the applicable remittance advice, on the first business day of each week and on the last business day of each month; and

5.6.3. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods both prior to and after the Transfer Date, the portion thereof which relates to the period prior to the Transfer Date shall be retained by Current Operator and the balance shall be remitted to New Operator on the first business day of each week and on the last business day of each month, with a copy of the remittance advice.

5.6.4. Except as otherwise specified herein, if such payments fail to indicate the period to which they relate, then all such unidentified payments received by Current Operator within seventy-five (75) days following the Transfer Date shall be deemed to relate to unpaid Pre-Transfer Accounts (if any) as set forth on the Pre-Transfer Accounts Schedule and applied by Current Operator to reduce such resident's account until the balance is zero, and the balance of each payment, if any, will then be applied to reduce any balances due for services rendered by New Operator on and after the Transfer Date. Unidentified payments received thereafter shall be deemed to relate to Post-Transfer Accounts for the resident covered, and handled as set forth in Section 5.6.2. Notwithstanding the foregoing, the parties acknowledge that any Social Security Payment shall be deemed the payment of a Post-Transfer Account and shall be delivered to New Operator and used for the resident's current needs (including the current month's rent and care) as required by law and handled as set forth in Section 5.6.2. In the event the Social Security Payment includes amounts in excess of the resident's current needs, then as permitted by law, the excess shall be deemed to relate to the resident's unpaid Pre-Transfer Account, if any, and shall be handled as set forth in Section 5.6.1.

5.6.5. Simultaneous with the execution of this Agreement, Current Operator agrees to execute a letter in a form mutually agreed upon to each of the payors receiving or administering diversion monies for any similar government program for residents of the Facility and to request (to the extent permitted by the relevant program regulation) that all payments for room, board and care to the extent provided on or after the Transfer Date be paid by paper check and sent to the Facility. By signing this Agreement, Current Operator authorizes New Operator to deposit such checks into the New Operator's bank account.

5.7. Private Pay. Any payments received by either party from or on behalf of private pay patients (including without limitation self-pay, HMO and other private insurance payors) shall be treated in the same manner as described in Sections 5.5 and 5.6 above; provided that any payment received by either party during the first seventy-five (75) days after the Transfer Date for a private pay patient or resident, which fails to designate the period to which it relates, will first be applied to reduce the patient's Pre-Transfer Account balances (if any) as set forth on the Pre-Transfer Accounts Schedule until such amounts are reduced to zero, with any balance to be applied to reduce Post-Transfer Accounts. All unidentified payments received thereafter shall be deemed to relate first to Post-Transfer Accounts until such amounts are reduced to zero, with any balance to be applied to reduce Pre-Transfer Accounts.

5.8. Misapplication of Payments. In the event that any payment hereunder is misapplied by the parties, except as otherwise provided herein, the party which erroneously received said payment shall remit the same to the other within five (5) days after such determination is conclusively made by mutual agreement of the parties.

5.9. Cooperation in Processing of Claims. If necessary, New Operator and Current Operator agree to provide each other, upon reasonable request and in a timely manner, with copies of all Medicare and Medicaid or Third Party Payor Program reimbursement requests pertaining to the Facility submitted to any applicable fiscal intermediary whether before or after the Transfer Date. Each party agrees to take all reasonable steps to assist the other in processing claims and obtaining payments for services rendered under such applicable programs in which the Facility participates (i) in the case of New Operator, from and after the Transfer Date, and (ii) in the case of Current Operator, prior to the Transfer Date. The party being assisted agrees to reimburse the party rendering assistance for any reasonable documented out-of-pocket expenses incurred by the assisting party in rendering such assistance. In furtherance of the obligations pursuant to this Section 5.9, the Parties agree as follows: (i) Current Operator shall provide current access codes and passwords to New Operator for all third party payors which participate in electronic billing so that New Operator may do the billing for the Facility for residential care and services provided throughout the duration of this Agreement; (ii) unless specifically requested by New Operator, Current Operator will not do any billing for any residential care and services provided by New Operator; and (iii) neither Current Operator nor New Operator shall change any of the access codes or passwords without first notifying the other and providing it with the new (updated) access codes and passwords.

5.10. Access. For the period of seven (7) years following the Transfer Date (or longer if Current Operator is subject to a government investigation with respect to which such records and documents are relevant), after providing five (5) business days advance notice to New Operator in each instance, Current Operator and its agents and representatives shall have reasonable access during business hours to such medical records, resident contracts, resident status reports, medical necessity documentation, services documentation, account documentation, remittance advice documentation, Nursing Services Statements (CMS-3616), and other documents and records as reasonably necessary to confirm the division of the accounts receivable, payments or accounts payable, to facilitate billing and collection of Current Operator's receivables, to handle any of Current Operator’s accounts payable or reconcile any financial information.

5.11. Overpayment Claims. In the event that federal or state agencies or any private insurer or other payor making payments to Current Operator for services performed prior to Transfer Date make any claim for reimbursements, fines, civil money penalties, recoupment of fraudulent charges or overpayments (including without limitation recapture of pass-throughs) occurring for any such period, then Current Operator agrees to save, indemnify, defend and hold New Operator harmless for, from and against any and all loss, damage, injury or expense incurred by New Operator because of any actual loss resulting from such claim, and Current Operator shall promptly reimburse New Operator for the full amount of any such claim, offset, chargeback or other attempted recovery of such reimbursements, fines, civil money penalties, fraudulent payments and overpayments upon demand. In the event Current Operator successfully appeals any such overpayment claim and New Operator receives funds or credits as result thereof, New Operator shall promptly remit to Current Operator the full amount of any such funds or credits, less the amount of any uncompensated losses, damages, injuries or expenses incurred

by New Operator because of such claim; provided New Operator shall promptly notify Current Operator in writing of the offset and the reason therefor.

ARTICLE 6. EMPLOYEES; INSURANCE

6.1. Current Employees; Payroll & Benefits. Current Operator shall deliver the current Employee Schedule to New Operator within fifteen (15) days prior to the Transfer Date, and shall update such Employee Schedule three (3) business days before the Transfer Date. Current Operator shall not solicit or offer to employ any current employee of the Facility at any of its affiliated operations for a period of one (1) year following the Transfer Date without the prior written consent of New Operator. Current Operator also agrees to provide to New Operator, promptly following the execution and delivery of this Agreement, copies of Current Operator's current employee handbook, detailed benefits information including carriers, brokers and participating employees, contact information and cost information and a roster of enrolled employees, and such other documentation of current terms and conditions of employment as New Operator may reasonably request, to the extent not disclosed in the Employee Schedule. All information disclosed or provided to New Operator hereunder shall be deemed confidential.

6.2. Employee Status.

6.2.1 Termination of Employees. Current Operator shall terminate the employment of each of the Facility's employees as of the Transfer Date. Current Operator agrees to issue and deliver its final payroll checks (including sums due for accrued Benefits, to the extent applicable, as required by applicable State and federal laws and Current Operator's existing policies and procedures) to the Current Operator's employees, and to timely and fully pay all payroll taxes and similar obligations due in connection therewith in accordance with the requirements of applicable law. Current Operator agrees to indemnify, defend and hold New Operator harmless for, from and against any and all claims, suits, actions, proceedings, costs, fees, and other liabilities arising from or in connection with the non-payment, untimely payment, or incomplete or inaccurate payment to Current Operator's employees for wages, Pre-Transfer Benefits (to the extent the amount paid by Current Operator to Current Operator's employees proves insufficient) and other sums due employees for pre-Transfer Date periods.

6.2.2 Hiring of Employees. On the Transfer Date New Operator shall use commercially reasonable efforts to (a) offer employment to substantially all of the employees employed by Current Operator in good standing at the facility as of the day prior to the Transfer Date, whether such employees are in active or inactive status. Prior to the Transfer Date, Current Operator will provide New Operator with access to, and commercially reasonable assistance in the conduct of the interviewing and hiring of, such employees, including the distribution of pre-employment applications. Such employment shall be on an "at-will" basis, subject to a 90 day probationary period. New Operator shall perform all payroll activities for Rehired Employees from and after the Transfer Date. Any such employment of Rehired Employees by New Operator shall be on terms which require said Rehired Employees to perform comparable services in a comparable position and at substantially the same base wage and benefits in the aggregate as such Rehired Employees enjoyed with the Facility prior to the Transfer Date.

6.2.3 Eligibility for Benefits. New Operator and its affiliates shall treat prior service with Current Operator as service with the New Operator for purposes of determining eligibility to receive and

participate in all Benefits programs maintained by New Operator. Without limiting the foregoing, New Operator shall permit Rehired Employees to enroll in New Operator's group health plan on or as soon as practicable after the Transfer Date, with no eligibility waiting period for participation in such plan, so long as the Rehired Employee has been continuously employed by Current Operator for at least ninety (90) days immediately prior to the Transfer Date. In the event the Transfer Date falls on a date other than the first (1st) day of a calendar month, Current Operator and New Operator acknowledge and agree that Rehired Employees shall be eligible to participate in New Operator's group health plan and similar Benefits from and after the first (1st) day of the calendar month following the Transfer Date. Any Rehired Employee who has not been continuously employed by Current Operator for at least ninety (90) days immediately prior to the Transfer Date shall become eligible for Benefits as of the first (1st) day of the calendar month following the ninetieth (90th) day of combined continued employment with Current Operator and New Operator. New Operator shall use commercially reasonable efforts to have any preexisting conditions limitations waived with respect to any health and welfare benefit plans offered to Rehired Employees, other than limitations or waiting periods that are already in effect with respect to such Rehired Employees and that have not been satisfied as of the Transfer Date under any welfare plan maintained for such employees immediately prior to the Transfer Date and to give effect, in determining any deductible and maximum out-of-pocket limitations, to amounts paid by such Rehired Employees under the comparable benefit plans of the Current Operator.

6.2.4 Accrued Employee Benefits. Subject to the provisions of Section 6.2.1 above, Current Operator acknowledges that all vacation, sick time, paid time off, and all other employee benefits provided to Current Operator's employees accrued prior to the Transfer Date ("Pre-Transfer Benefits") are the sole obligation and liability of Current Operator. The cash value of all accrued employee benefits will be paid to Current Operator's employees by Current Operator as provided in Section 6.2.1 above.

6.2.5 WARN Act Compliance. New Operator and Current Operator acknowledge and agree that the provisions of Section 6.2.2 are designed solely to ensure that Current Operator is not required to give notice to current Facility employees of the "closure" thereof or of a "mass layoff" under the WARN Act or under any comparable state law. Accordingly, New Operator agrees to indemnify, defend and hold harmless Current Operator for, from and against any liability which it may incur under the WARN Act in the event of a violation by New Operator of its obligations under Section 6.2.2; provided, however, that nothing herein shall be construed as imposing any obligation on New Operator to indemnify, defend or hold harmless Current Operator for, from or against any liability which it may incur under the WARN Act or comparable state laws as a result of the acts or omissions of Current Operator prior to the Transfer Date, it being understood and agreed that New Operator shall only be liable for the failure to give notice under the WARN Act or comparable state law, and for its own acts or omissions after the Transfer Date.

6.3. Employee Records. To the extent allowable under applicable state law (and subject to requirements to obtain consent of such employees, if any), Current Operator shall allow New Operator to retain Current Operator's employee files of Rehired Employees, including without limitation originally executed employee applications and original Form I-9s, but excluding all notes, reprimands and comments regarding Rehired Employees, for a period of ninety (90) days from the Transfer Date. Immediately thereafter New Operator shall deliver the original documents to Current Operator; notwithstanding the foregoing, during such retention period, New Operator shall allow Current

Operator access, upon prior notice and during normal business hours, to such employee files and the ability to copy the same, as Current Operator may require in its reasonable discretion.

6.4. No Employment Rights or Contract. Notwithstanding anything in this Agreement to the contrary, nothing in this Article VI or any other provision of this Agreement shall be interpreted to (i) create any rights in favor of any person not a party hereto, including, without limitation, Current Operator's employees or (ii) constitute an employment agreement or condition of employment for any employee of Current Operator or any Rehired Employee.

6.5. Foreign Workers. Current Operator has included, as part of Exhibit F hereto, a list of all foreign nationals employed at the Facility who are working under a visa or other work authorization. Current Operator represents that, to the best of Current Operator's knowledge after appropriate inquiry, (i) all of Current Operator's employees are either citizens or legal residents of the United States, (ii) all foreign workers have provided to Current Operator copies of valid identity and work authorization documents, (iii) no such work authorizations have expired or been revoked, and (iv) Current Operator has in its possession original I-9 forms and copies of valid supporting documentation for all of Current Operator's employees.

6.6. Employment Claims and Complaints. Except as disclosed in Exhibit G, Current Operator represents and warrants that there are no Employment Claims as of the date of execution of this Agreement and that it is aware of no pending or threatened Employment Claims by Current Operator's employees. Current Operator acknowledges that New Operator does not and shall not assume under this Agreement or any related agreement, any liability for any pending or threatened Employment Claims. New Operator hereby disclaims any and all liability for all Employment Claims arising from or in connection with the employment of any of Current Operator's employees prior to the Transfer Date, and Current Operator hereby agrees to indemnify, defend and hold New Operator harmless for, from and against any and all Employment Claims to the extent arising from or in connection with the employment of any of Current Operator's employees prior to the Transfer Date; and New Operator hereby agrees to indemnify, defend and hold Current Operator harmless for, from and against any and all Employment Claims to the extent arising from or in connection with the employment of any of New Operator's employees from and after the Transfer Date..

6.7. Insurance. On the Transfer Date, New Operator shall maintain insurance coverage for the Facility as specified in Section II of the Management Agreement.

6.8. Payroll-Based Journal Data. Current Operator represents that it has submitted to CMS, or will submit to CMS prior to the Transfer Date, prior to any deadlines set by CMS applicable to such filing, all Payroll-Based Journal ("**PBJ**") data related to the period of time beginning on July 1, 2016 and ending on the Transfer Date in accordance with Section 6106 of the Affordable Care Act (ACA) and related regulations. Within ten (10) days following the Transfer Date, Current Operator shall deliver to New Operator either (i) the PBJ Acceptance Report received by Current Operator upon successful submission of PBJ data, or (ii) the raw data file submitted by Current Operator, in either case covering the six (6) month period of time ending on the Transfer Date. In the event Current Operator fails to timely, accurately and completely submit any PBJ data for the Facility prior to any applicable deadline, New Operator shall have the right but not the responsibility, and Current Operator hereby irrevocably appoints New Operator as its agent and attorney in-fact for such purpose, to prepare, file, complete, correct and otherwise process, at Current Operator's expense, such PBJ submissions in Current

Operator's name and on its behalf. If New Operator elects to prepare, file, complete, correct and/or process any such submission, it shall do so without any legal liability for any errors or omissions therein, and Current Operator hereby forever releases, waives, and discharges New Operator from any liability, known or unknown, for its handling of any submission hereunder. Upon request of New Operator, Current Operator shall promptly deliver to New Operator, in the format requested by New Operator, any information necessary for New Operator to submit PBJ data for the Facility to CMS prior to the deadline applicable to any such submission.

ARTICLE 7. PRORATIONS

7.1. Prorations. Revenues and expenses pertaining to Assumed Operating Contracts, water, electricity, sewer, gas, telephone and other charges for the billing period(s) in which the Transfer Date occurs, personal property taxes, licensing fees, insurance premiums, prepaid expenses and other related items of revenue or expense attributable to the Facility shall be prorated between Current Operator and New Operator as of the Transfer Date. In general, prorations shall be made so as to reimburse Current Operator for prepaid expense items and to charge Current Operator for prepaid revenue items or accrued but unpaid expenses to the extent that said expenses are attributable to periods before the Transfer Date. The intent of this provision shall be implemented by New Operator remitting to Current Operator any invoices which reflect a service or delivery date before the Transfer Date and by New Operator assuming responsibility for the payment of any invoices which reflect a service or delivery date on and after the Transfer Date and by Current Operator remitting to New Operator any invoices which reflect the prepayment for goods and services by Current Operator that are for periods on or after the Transfer Date and New Operator assuming responsibility for such amounts (including reimbursing Current Operator if already paid by Current Operator); provided that in the event of any nonpayment of amounts due for pre-Transfer Date periods which threatens the availability of goods or services to the Facility, then in addition to all other rights and remedies available to New Operator, New Operator shall have the right to pay amounts due and Current Operator shall reimburse New Operator for the cost thereof upon demand; *provided further that*, if Current Operator's nonpayment threatens the health and safety of any residents or the operation of the Facility in the ordinary course of business, New Operator shall have the right to pay such amounts due without the need to provide prior notice or a chance to cure to Current Operator, and Current Operator shall reimburse New Operator for the cost thereof upon demand.

7.2. Calculation. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available. Without limiting the foregoing, water, electricity, sewer, gas, telephone and other utility charges shall be based, to the extent practicable, on final meter readings and invoices covering the period of time through the Transfer Date. Utility charges which are not metered and read on the Transfer Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

7.3. Adjustments. All amounts owing from one party hereto to the other party hereto that require adjustment after the Transfer Date shall be settled within thirty (30) days after the Transfer Date or, in the event the information necessary for such adjustment is not available within said thirty (30) day period, then as soon thereafter as practicable.

7.4. Petty Cash. On the Transfer Date, New Operator shall remit to Current Operator a cashier's check in the amount equal to petty cash maintained at the Facility.

ARTICLE 8. RECORDS

8.1. Delivery of Records. On the Transfer Date, Current Operator shall deliver to New Operator possession of all of the existing past and present records of the Facility, including, but not limited to, resident medical records, financial records, employee records (subject to Section 6.3) and other relevant records used or developed in connection with the business conducted at the Facility, including, but not limited to, all licenses, agreements, records, reports and information reasonably necessary to continue care for any residents remaining at the Facility after the Transfer Date. With respect to resident information, such transfer and delivery of possession shall be in accordance with all applicable laws, rules and regulations governing the transfer of medical and other resident records. Nothing herein shall be construed as precluding Current Operator from removing from the Facility on the Transfer Date the financial or tax records that relate to its operations at the Facility and/or to its overall corporate operations. Current Operator agrees to retain a copy of any inventory or list of such records to facilitate its access to such records as needed pursuant to Section 8.2, and Current Operator acknowledges that New Operator shall have no obligation to retain any such inventory or list.

8.2. Access to Records.

8.2.1. Subsequent to the Transfer Date, New Operator shall allow Current Operator and its agents and representatives to have reasonable access (upon reasonable prior notice and during normal business hours), to inspect and to make copies of, the books and records and supporting material of the Facility relating to the period prior to and including the Transfer Date, to the extent reasonably necessary to enable Current Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Current Operator and to collect proceeds related to Pre-Transfer Accounts.

8.2.2. Current Operator shall be entitled to remove the originals of any records delivered to New Operator, for purposes of litigation involving a resident or employee to whom such record relates, if (i) an officer of or counsel for Current Operator certifies that such original must be produced in order to comply with applicable law or the order of a court of competent jurisdiction in connection with such litigation, and (ii) Current Operator leaves a full and complete copy of such records in the Facility while the originals are in its possession. Any record so removed shall promptly be returned to New Operator following its use.

8.2.3. New Operator agrees to maintain such books, records and other material comprising records of the Facility's operations prior to the Transfer Date that have been received by New Operator from Current Operator or otherwise, including, but not limited to, resident records and records of resident funds, to the extent required by law, but in no event less than three (3) years or the minimum period required by any applicable statute of limitations in force as of the Transfer Date, and shall allow Current Operator a reasonable opportunity to remove such documents, at Current Operator's expense, at such time as New Operator shall decide to dispose of such documents.

8.3. HIPAA Compliance. On the Transfer Date, New Operator and Current Operator shall each execute and deliver to the other mutual and reciprocal HIPAA Business Associate Agreements in form and substance compliant with HIPAA in the form attached hereto in Exhibit K.

ARTICLE 9. OPERATING AGREEMENTS

9.1. Operating Contracts. Current Operator has delivered, or within five (5) days from the date of this Agreement will deliver to New Operator, true, complete and current copies of all Operating Contracts. Current Operator represents that there are no material Operating Contracts, oral or written, which have not been disclosed in writing, pursuant to the foregoing or otherwise, to New Operator, and the Operating Contracts delivered and disclosed are in full force and effect and have not been modified, altered or amended in any way, except as disclosed to New Operator. On and as of the Transfer Date, Current Operator and New Operator agree to enter into an Assignment and Assumption Agreement in substantially the form attached hereto as Exhibit H (the "Assignment") regarding the assignment and assumption of the Assumed Operating Contracts. In furtherance of the foregoing, Current Operator shall reasonably cooperate with New Operator in connection with the assignment of the Assumed Operating Contracts to New Operator.

9.1.1. Nothing herein or in the Assignment shall be construed as imposing any liability on New Operator with respect to any obligations under (a) the Assumed Operating Contracts to the extent they relate to the period prior to the Transfer Date even if the same do not arise until after the Transfer Date (except to the extent that New Operator receives and accepts goods or services under an Assumed Operating Contract, in which case its liability shall be determined by the proration of the cost of such benefit under such Assumed Operating Contract), it being specifically understood and agreed that New Operator's liability shall be limited to its acts and omissions thereunder from and after the Transfer Date, or (b) any Terminated Operating Contracts, including without limitation any costs, fees or penalties incurred by Current Operator as a result of Current Operator's breach or early termination of the Terminated Operating Contracts.

9.1.2. Current Operator agrees to give formal notice of cancellation under each of the Terminated Operating Contracts within five (5) business days following receipt of New Operator's list of Operating Contracts to be terminated from New Operator, with the terminations to be effective on or before the Transfer Date or at the earliest possible date(s) thereafter.

9.1.3 In those cases where any of the Assets (which includes the Assumed Operating Contracts) are not by their terms assignable or which require the consent of a third party in connection with the transactions contemplated by this Agreement, Current Operator shall, prior to and after the Transfer Date, use its commercially reasonable efforts, and New Operator shall cooperate in all reasonable respects with Current Operator, to obtain all consents and waivers necessary to convey any such owned Assets to New Operator or, without cost or potential liability to Current Operator, give New Operator the right to any leased Assets pursuant to the terms of any such leases covering such Assets. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any of the Assets if any actual or attempted assignment or transfer thereof without the consent of any party thereto other than Current Operator or any of its affiliates would constitute a breach thereof or otherwise not be permitted under applicable law, increase any obligation of Current Operator thereunder or create any additional obligation of Current Operator thereunder ("Non-

Assignable Assets"). If any such consent or approval is not obtained prior to the Transfer Date, then Current Operator agrees to cooperate with New Operator in any reasonable arrangement, but without additional cost or expense to Current Operator, designed to provide for New Operator the benefits intended to be assigned to New Operator under the relevant Non-Assignable Asset, including enforcement, at the cost and for the account of New Operator, of any and all rights of Current Operator against the other party or person thereto arising out of the breach or cancellation thereof by such other party or otherwise and New Operator shall indemnify, defend and hold Current Operator harmless from all costs and liabilities resulting therefrom. If and to the extent that such arrangement cannot be made (as reasonably determined by the parties), then New Operator, upon written notice to Current Operator, shall have no obligation with respect to any contract underlying such Non-Assignable Asset and any such contract shall not be deemed to be assigned hereunder.

9.2. Utilities. If New Operator is unable, despite the exercise of commercially reasonable efforts, to establish utility accounts for the providers referred to below by the Transfer Date, for a period of up to sixty (60) days following the Transfer Date, Current Operator shall continue as the named party on the following Terminated Operating Contracts: (a) any telephone service agreements; and (b) any cable or satellite television contracts. Such contracts shall continue following the Transfer Date in a manner and at levels consistent with how such services were provided to the Facility immediately prior to the Transfer Date. New Operator shall pay Current Operator the "prevailing rate" (as defined herein) for the service provided to New Operator (based on metered usage, where applicable). For purposes hereof, the term "prevailing rate" means the then current rate charged to Current Operator by the provider of such utilities, including any applicable taxes and other charges, for such sixty (60) day period. New Operator shall use its best efforts to obtain these services directly from the current service provider or another service provider prior to the end of the 60-day term.

9.3. Equipment Financing and Leases. Current Operator and New Operator acknowledge and agree that the FF&E listed on Exhibit C, if any, are leased by Current Operator or otherwise encumbered under the terms of their corresponding equipment leases, true and complete copies of which have been provided to New Operator and identified on Exhibit C. New Operator shall take possession of such encumbered FF&E (the title thereto either residing in Current Operator or in the equipment lessor) subject to the equipment leases, and shall assume (to the extent the same can be assumed under the terms thereof) and be responsible for all payments and other charges accruing thereon from and after the Transfer Date and New Operator shall indemnify, defend and hold Current Operator harmless from all costs and liabilities resulting therefrom. Current Operator represents and warrants that there are no Encumbrances (other than Permitted Encumbrances) affecting the Facility or any of the FF&E therein which have not been disclosed to New Operator and identified on Exhibit D.

ARTICLE 10. INDEMNIFICATION

10.1. Current Operator. Without limiting its other duties and obligations hereunder, Current Operator agrees to indemnify, defend and hold harmless New Operator, and its officers, directors, employees, shareholders and affiliates ("New Operator Indemnified Parties"), for, from and against any and all damages, expenses, costs, claims, and liabilities of any kind, including without limitation reasonable attorneys' fees (collectively, "Losses") incurred or sustained by any New Operator Indemnified Party as a result of (i) a breach by Current Operator of its obligations under this Agreement, (ii) the acts or omissions of the Current Operator under the Assumed Operating Contracts to the extent

arising prior to the Transfer Date, (iii) the Terminated Operating Contracts whether the same relate to the period prior to or after the Transfer Date, (iv) the operation of the Facility prior to the Transfer Date, including but not limited to, any violations of applicable Medicare or Medicaid fraud abuse laws, any other State or federal law governing the operation of the Facility, including but not limited to laws relating to deficiencies under any surveys that occurred prior to the Transfer Date, and any Employment Claims that occurred prior to the Transfer Date, (v) any breach of or inaccuracy in any representation, warranty or covenant of Current Operator contained in this Agreement or in any certificate furnished to New Operator hereunder, (vi) any claims against Current Operator, New Operator or the Facility under Medicare, Medicaid or any other Third Party Payor Programs (a) with respect to the operation of the Facility by Current Operator prior to the Transfer Date, (b) for any fees, fines or penalties assessed against the Assets or the Provider Agreements of the Facility and attributable to periods prior to the Transfer Date, or (c) for repayment of any overpayments made to Current Operator under Medicare, Medicaid or any other Third Party Payor Program for services rendered at the Facility prior to the Transfer Date, including, but not limited to, claims against New Operator in the form of offsets by Medicare, Medicaid or any other Third Party Payor against their payments due to any New Operator or attributable to periods on and after the Transfer Date that relate to said overpayments made to Current Operator, (vii) in the event the amount of the Resident Trust Funds, if any, transferred to New Operator does not represent the full amount of the Resident Trust Funds shown to have been delivered to Current Operator as custodian, and for claims which arise from actions or omissions of Current Operator with respect to the Resident Trust Funds prior to the Transfer Date and (viii) any Excluded Liability; provided, however, that nothing herein shall be construed as imposing any liability on Current Operator to indemnify, defend or hold harmless New Operator with respect to New Operator's own acts or omissions.

10.2. New Operator. Without limiting its other duties and obligations hereunder, New Operator agrees to indemnify, defend and hold harmless Current Operator for, from and against any and all Losses incurred or sustained by Current Operator as a result of (i) a breach by New Operator of its obligations under this Agreement, (ii) the acts or omissions of the New Operator under the Assumed Operating Contracts to the extent arising from and after the Transfer Date, (iii) the operation of the Facility from and after the Transfer Date, including but not limited to, any violations of applicable Medicare or Medicaid fraud abuse laws, any other State or federal law governing the operation of the Facility, including but not limited to laws relating to deficiencies under any surveys that occurred on or after the Transfer Date, any Employment Claims that occurred on or after the Transfer Date and any use by New Operator of Current Operator's provider numbers from and after the Transfer Date, (iv) any breach of or inaccuracy in any representation, warranty or covenant of New Operator contained in this Agreement or in any certificate furnished to Current Operator hereunder, (v) any claims against Current Operator, New Operator or the Facility under Medicare, Medicaid or any other Third Party Payor Programs (a) with respect to the operation of the Facility by New Operator on and after the Transfer Date, (b) for any fees, fines or penalties assessed against the Assets or the Provider Agreements of the Facility and attributable to periods on and after the Transfer Date, or (c) for repayment of any overpayments made to New Operator under Medicare, Medicaid or any other Third Party Payor Program for services rendered at the Facility on or after the Transfer Date, including, but not limited to, claims against Current Operator in the form of offsets by Medicare, Medicaid or any other Third Party Payor against their payments due to Current Operator or attributable to periods prior to the Transfer Date that relate to said overpayments made to New Operator, or (vi) in the event the amount of the Resident Trust Funds, if any, transferred to New Operator as custodian does not represent the full amount of the Resident Trust Funds shown to have been delivered by Current Operator as custodian,

and for claims which arise from actions or omissions of New Operator with respect to the Resident Trust Funds after the Transfer Date; provided, however, that nothing herein shall be construed as imposing any liability on New Operator to indemnify, defend or hold harmless Current Operator with respect to Current Operator's own acts or omissions.

10.3. Intentionally Omitted.

10.4. Duty to Mitigate. Each indemnified party shall take, and cause its affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs to the extent necessary to remedy the breach that gives rise to such Loss.

10.5. Procedures. Notice must be given within a reasonable time after discovery of any fact or circumstance on which a party could claim indemnification ("Claim" or "Claims") hereunder; provided, however, that the failure to give such notice in such time period shall not relieve the indemnifying party of its obligations hereunder except to the extent the indemnifying party is adversely affected thereby, and then only to the extent of such adverse effect. The notice shall reasonably describe the nature of the Claim, if the Claim is determinable or liquidated, the amount of the Claim, or if not determinable or liquidated, an estimate of the amount of the Claim. Each party agrees to use its reasonable efforts to minimize the amount of the loss or injury for which it is entitled to indemnification. If the party, in order to fulfill its obligations to the other party, must take legal action or if the party is involved in legal action, the outcome of which could give rise to its seeking indemnification, such party shall consult with the other party with respect to such legal action and allow it to participate therein. No Claim for which indemnification is asserted shall be settled or comprised without the written consent (which consent shall not be unreasonably withheld, delayed or conditioned) of the Current Operator or the New Operator; provided, however, if a party does not consent to a bona fide settlement proposed by the other (provided such settlement contains a full release of such party), the other party shall be liable for indemnification only to the lesser of the final judgment or the amount to be paid in settlement.

ARTICLE 11. DEFAULT & REMEDIES

11.1. Remedies. Notwithstanding anything contained herein to the contrary, in the event of a default by either party hereunder, the other party shall have all remedies available to it at law, in equity and under this Agreement, which remedies shall be cumulative and not exclusive, and which remedies may be pursued singly, successively or simultaneously with any others.

ARTICLE 12. REPRESENTATIONS AND WARRANTIES

12.1. Current Operator's Warranties. Current Operator hereby makes the following warranties and representations, which warranties shall survive the termination hereof as set forth in Section 13.15:

12.1.1. Current Operator is a corporation, duly incorporated and in good standing under the laws of the State of California.

12.1.2. Current Operator (i) possesses all required approvals necessary to maintain and operate the Facility as required under applicable law, (ii) is duly licensed by the State to operate the Facility, and (iii) confirms that it has done all necessary Level II background checks for each of its employees and affirms that all of its employees are permitted by the State to lawfully work in a skilled nursing facility. The Facility has all permits, licenses, provider agreements and other governmental approvals necessary for the operation of the Facility as currently operated. A true and current copy of the License is attached hereto as Exhibit I.

12.1.3. There are currently no court orders, consent decrees, judgments or similar directives, including without limitation corporate integrity agreements under 42 USC Sec. 1320a-7b(f), affecting the Facility, Current Operator, or, with respect to the Facility, any shareholder, member, partner or affiliate of Current Operator.

12.1.4. Except as specifically identified in Exhibit G, there are no pending or, to Current Operator's Knowledge, threatened judicial, municipal or administrative proceedings, consent decrees or judgments with respect to, or in any manner affecting or relating to the Facility or any portion thereof, or in which Current Operator is or will be a party by reason of Current Operator's operation of the Facility, and during the three (3) year period immediately preceding the date of this Agreement there have been no notices of claims, claims, suits, actions, threats, demands, or casualty losses of any kind filed or claimed relating to the Facility or claims or losses affecting any insurance rating of the Facility or Current Operator, nor has there been any medical records request from an attorney representing a current or past resident of the Facility within the past two (2) years. To Current Operator's Knowledge, it does not employ or contract with any Person that appears on the federal Office of Inspector General List of Excluded Individuals/Entities at the Facility.

12.1.5. Except as disclosed on Exhibit F, true and complete copies of which have been previously delivered or made available to New Operator and Owner, there are no collective bargaining agreements between Current Operator and/or the Facility and any labor organization or employee group applicable to the operation and/or management of the Facility and, to Current Operator's Knowledge, no election or other effort to unionize the Facility or any portion of its staff is underway, has been petitioned for by any Facility staff, or has been granted by the National Labor Relations Board or any similar body.

12.1.6. To Current Operator's Knowledge, the Facility is currently in compliance in all material respects with (i) all governmental orders issued by any agency having jurisdiction of the Facility, (ii) all plans of correction and allegations of compliance filed by or in behalf of the Facility within the three (3) year period immediately preceding the Transfer Date and (iii) and (iii) all Conditions and Standards of Participation for the Medicare and Medicaid programs. Current Operator has not received written or, to the Current Operator's Knowledge, verbal notice of, nor, to the Current Operator's Knowledge, does it have a reasonable basis to expect the issuance of a written or verbal notice with respect to, any action or proceeding initiated or proposed by State or federal agencies having jurisdiction thereof, to either revoke, withdraw or suspend the License or to decertify, terminate, ban or limit the participation of Current Operator or the Facility in the VA or any other third-party payor programs, and to the Current Operator's Knowledge, there is no condition or event which constitutes, or which with notice or the lapse of time or both would constitute, a default under or a violation of any of the License or the Provider Agreement, which is reasonably likely to result in the revocation or termination thereof. Current Operator has fulfilled all requirements of any governmental agency having

jurisdiction of the Facility as contained in any survey report, citation, plan of correction, judgment, order or other directive (in each case whether already received or reasonably anticipated based upon the exit interview of any recent survey or visit by such government agency) relating to the operation of any Facility.

12.1.7. Current Operator's financial statements, which were submitted to New Operator in connection with New Operator's evaluation of the Facility, fairly represent in all material respects the financial condition and results of the operations of the Facility for the periods covered thereby. All of the books and records of the Facility, including, but not limited to, books and records related to resident trust funds and employee records, are true and correct in all material respects.

12.1.8. The insurance policies and programs identified on Current Operator's insurance certificate(s) attached hereto as Exhibit J are in full force and effect as of the date of this Agreement, have not been cancelled or revoked, and will be kept in full force and effect until the Transfer Date.

12.1.9. Current Operator is duly authorized to consummate the transactions contemplated by this Agreement. Current Operator has, or as of the Transfer Date will have, all necessary power and authority to transfer and convey the Assets and its interest in the business in the Facility to New Operator. Current Operator has all necessary power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby, and all necessary action has been taken to authorize the individual executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Current Operator and is enforceable against Current Operator in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

12.1.10. To Current Operator's Knowledge, Current Operator does not have any outstanding liability for fines, civil money penalties, recoupment of fraudulent charges, or overpayments (including, without limitation, recapture of payment intermediaries) from any government program with respect to the Facility.

12.1.11. All cost reports required to be filed by Current Operator for the Facility under Titles XVIII and XIX of the Social Security Act, or any other applicable laws or private provider rules, have been prepared and filed on a timely basis in accordance with applicable laws, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. All such cost reports accurately reflect in all material respects the information to be included thereon.

12.1.12. To Current Operator's Knowledge, its directors, officers and Employees, and Persons who provide professional services under agreements with Current Operator have not, in connection with their operation of the Facility and in their professional capacities only, engaged in any activities which are prohibited under the federal Controlled Substances Act, 21 U.S.C. § 801 et. seq. or the regulations promulgated pursuant to such statute or any related state or local statutes or regulations concerning the dispensing and sale of controlled substances, other than such violations that would not reasonably be expected to have a Material Adverse Effect.

12.1.13. Current Operator is enrolled and is a provider authorized to participate without restriction under the Third Party Payor Programs that it currently bills. There is no governmental investigation, audit, claim review or other action pending or, to the Knowledge of Current

Operator, threatened which is reasonably likely to result in a revocation, suspension, termination, probation, restriction, limitation, or non-renewal of any Third Party Payor Program participation or result in its exclusion from any governmental program. Current Operator has not received written or verbal notice of, nor does it have a reasonable basis to expect the issuance of a written or verbal notice with respect to any of the above, and to the best of Current Operator's Knowledge there is no condition or event which constitutes, or which with notice or the lapse of time or both would constitute, a default under or a violation of any License or the participation in any government program or Third Party Payor Program. To Current Operator's Knowledge, Current Operator does not have any liability for fines, civil money penalties, recoupment of fraudulent charges, or overpayments (including, without limitation, recapture of payment intermediaries) from any Third Party Payor Program with respect to the Facility.

12.1.14. Current Operator currently conducts, and in the last two (2) years has conducted, the Facility's operations in compliance with the requirements of the Clinical Laboratory Improvement Amendments of 1988, as amended, and any applicable state laws or regulations, including all applicable certification, licensure, survey, and inspection requirements, as may be applicable to such Current Operator' operations, other than such noncompliance that would not reasonably be expected to have a Material Adverse Effect.

12.1.15. To Current Operator's Knowledge, since January 1, 2015, it has not received any written notice or claim of, or been subject to any action for, any data privacy or security breach, and it has not has suffered any material HIPAA breach in respect of the Facility.

12.1.16. To Current Operator's Knowledge: (a) no Hazardous Material has been stored or exists in, on, under or around the Facility other than asbestos, PCBs, if any, and lead emanating from lead-based paint; and (b) Current Operator has not caused or suffered any Hazardous Materials to be used, released, discharged, placed or disposed of at, on or under the Facility or any real property adjacent thereto except in compliance with applicable environmental laws, rules and regulations. No underground storage tanks are located on the Facility and no portion of the Facility has ever been used as a dump for waste material. Except for matters which were previously brought into compliance, Current Operator has not received any written notice from any governmental authority or any written complaint from any third party with respect to its alleged noncompliance with, or potential liability under, any applicable environmental laws, rules or regulations involving the Facility, nor does it have a reasonable basis to expect the issuance of such a notice or complaint.

12.1.17. Current Operator is not and, to Current Operator's Knowledge, none of its stockholders, managers, beneficiaries, partners, or principals is subject to Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order") or is listed on the United States Department of the Treasury Office of Foreign Assets Control list of "Specially Designated Nationals and Blocked Persons" as modified from time to time (the "OFAC List"), and that none of them is otherwise in violation of the provisions of the Executive Order or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act").

12.1.18. Except as set forth in Exhibit M, which shall be updated as of three (3) days prior to the Transfer Date, there are no residents of the Facility that are "pending Medicaid."

12.1.19. As of the Transfer Date, Inventory will be in sufficient quantity and condition for the normal operation of the Facility in compliance with all material requirements of governmental authorities and consistent with past practices.

12.2. New Operator's Warranties. New Operator hereby makes the following warranties, representations and covenants to Current Operator, which shall survive the termination hereof as set forth in Article 10:

12.2.1. New Operator is, or as of the Transfer Date will be, a limited liability company duly formed and in good standing in the State of [_____].

12.2.2. New Operator has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby, and all necessary action has been taken to authorize the individual executing this Agreement to do so. The documents contemplated hereby have been or will be duly authorized by all necessary action on New Operator's part. This Agreement has been, and the documents contemplated hereby to be executed by New Operator will be, duly executed and delivered by New Operator and constitute its legal, valid and binding obligations enforceable against it in accordance with their terms (except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally), and the consummation and performance by New Operator of the transactions contemplated herein will not result in a violation of or be in conflict with or constitute a default under any term or provision of the organizational documents of New Operator, or any of the terms or provisions of any agreement or instrument to which it is a party or by which it is bound, or of any term of any applicable law, ordinance, rule or regulation of any governmental authority, or of any term of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

12.2.3. As of the Transfer Date, New Operator will qualify and will continue to qualify as a "covered entity" as such term is defined in HIPAA and will comply and will continue to comply with all requirements under HIPAA, including without limitation, the use or disclosure of protected health information.

12.2.4. There are currently no court orders, consent decrees, judgments or similar directives, including without limitation corporate integrity agreements under 42 USC Sec. 1320a-7b(f), affecting New Operator or any affiliate of New Operator.

ARTICLE 13. MISCELLANEOUS

13.1. Assignment. Neither party may assign this Agreement to any other party or parties without the prior written consent of other party, which consent shall not be unreasonably withheld or delayed, and any such attempted assignment without the other party's consent will be void; *provided that,* notwithstanding anything herein to the contrary, this Agreement may be assigned to an affiliate of New Operator, upon written notice to Current Operator, provided New Operator or an entity controlling New Operator retains control of such affiliate and remains liable for all obligations of New Operator hereunder.

13.2. Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

13.3. Expenses. Each of the parties shall pay all of its costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement.

13.4. Notices. Any notices or other communication permitted or required pursuant to this Agreement shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, by certified or registered mail (postage prepaid) to the parties at the addresses set forth below, with a copy to Owner. Notices shall be deemed effective only when (i) personally served, or, if sent by overnight delivery or courier service, the day after sent from within the United States, or if mailed, two (2) days after date of deposit in the United States mail, and (ii) a true and complete copy is simultaneously delivered to Owner by the same delivery method. The addresses for notice are:

If to Current Operator:

With copy to:

If to Owner:

CTR Partnership, LP
c/o Care Trust REIT, Inc.
905 Calle Amanecer #300
San Clemente, CA 92673
Attn: Asset Management
Phone: 949.542.3130
Email: jmclane@caretrustreit.com

With copy to:

Sherry Meyerhoff Hanson Crance
610 Newport Center Drive, Suite 1200
Newport Beach, California 92660
Attn: James B. Callister, Esq.
Phone: 949.719.1200
Email: jcallister@calawyers.com

If to New Operator:

[ ]

or to such other addresses as either party hereto may from time to time designate in writing and deliver in like manner.

13.5. Applicable Law; Jurisdiction; Requirement of Pre-suit Mediation. This Agreement and the rights of the parties hereto shall be governed and construed in accordance with the laws of the State without regard to conflict of laws. Except in respect of an action commenced by a third party in another jurisdiction, the parties agree that any legal suit, action or proceeding arising out of or relating to this Agreement must be instituted in a State court located in Orange County, California or Federal court in the Central District of California, and they hereby irrevocably submit to the jurisdiction of any such

court. Prior to initiating any legal action in relation to or arising out of this Agreement and as a condition precedent to initiating such legal action, the parties hereby agree to participate in voluntary pre-suit mediation with a mediator familiar with contractual and healthcare issues and who is mutually acceptable to both parties acting reasonably in approving a mediator. In the event the parties cannot agree on a mediator, each party will nominate a mediator who meets these criteria and the mediators in turn will jointly nominate a mediator who also meets these criteria and is unaffiliated with either of the nominating mediators. The nominated mediator will then serve as mediator for the voluntary pre-suit mediation. The expenses associated with any such mediation(s), including, but not limited to, the fees of the nominating mediators (but excluding the parties' respective attorney's fees and costs), will be divided equally between the New Operator and Current Operator

13.6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile, email or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

13.7. Construction. This Agreement has been negotiated by and between Current Operator and New Operator in arms-length negotiations, and both parties are responsible for its drafting. Both parties have reviewed this Agreement with appropriate counsel, or have waived their right to do so, and the parties hereby mutually and irrevocably agree that this Agreement shall be construed neither for nor against either party, but in accordance with the plain language and intent hereof. The captions of paragraphs and subparagraphs of this Agreement have been inserted solely for the purposes of convenience and reference, and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

13.8. Controversy. In the event of any controversy, claim or dispute between the parties arising out of or relating to this Agreement, the prevailing party or parties shall be entitled to recover from the non-prevailing party or parties its or their reasonable expenses, including, but not by way of limitation, reasonable attorneys' fees and costs of suit.

13.9. Waiver. Waiver by one party of the performance of any covenant, condition or promise of the other party shall not invalidate this Agreement, nor shall it be considered to be a waiver by such party of any other covenant, condition or promise contained herein. The waiver of either or both parties of the time for performing any act shall not be construed as a waiver of any other act required to be performed at a later date.

13.10. Severability. Should any part of this Agreement be declared invalid for any reason, such decision shall not affect or impair the validity of the remaining part or parts hereof, and this Agreement shall remain in full force and effect as to all parts not declared invalid or unenforceable as if the same had been executed with the invalid or unenforceable portion(s) thereof eliminated.

13.11. Ancillary Agreements. If the transactions contemplated by this Agreement are entered into contemporaneously with, and as part of, a larger overall transaction involving additional parties and properties affiliated with Owner, Current Operator or its affiliates or guarantors and New Operator or its affiliates or guarantors, then a material default by either party under this Agreement shall be deemed a default by such party or its affiliates or guarantors under the related agreements, and a material default

by either party or its affiliates or guarantors under the related agreements shall be deemed a default by such party under this Agreement.

13.12. No Unintended Beneficiaries. This Agreement is solely between the parties hereto and, other than Owner and its affiliates, shall not create any right or benefit in any third party, including without limitation any creditor, agent, partner, employee or affiliate of Current Operator, or any entity or agency having jurisdiction of the License, the Facility or the operation of the business therein.

13.13. Entire Agreement. This Agreement comprises the entire agreement between the parties hereto with respect to the subject matter hereof and shall be construed together. This Agreement may not be amended, modified or terminated except by written instrument signed by all of the parties hereto.

13.14. Time. Time is of the essence of this Agreement and every term and condition hereof.

13.15. Survival of Obligations, Representations, and Warranties. Except as provided below, all provisions herein and all obligations of Current Operator and New Operator pursuant to this Agreement shall survive the Transfer Date as set forth in this Agreement for a period of seven (7) years. No representation or warranty made by a party to this Agreement contained in this Agreement shall survive the Transfer Date for longer than eighteen months and no claim or action may be brought by a party hereunder for a breach of or inaccuracy in any representation and warranty after the eighteen month anniversary of the Transfer Date (the "Rep Survival Termination Date"); provided, however, that if a party hereto notifies the other party, on or before the Rep Survival Termination Date, of any alleged breach of a representation or warranty occurring prior to the Rep Survival Termination Date (a "Notice of Breach of Rep"), and a party thereafter files a lawsuit in connection therewith within ninety (90) days following the furnishing of said Notice of Breach of Rep, then the applicable Rep Survival Termination Date shall be extended with respect to said representation and warranty only until the date on which a final judgment is obtained in said lawsuit, beyond any possibility of appeal.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the day and year first set forth above.

CURRENT OPERATOR:

_____

By:_____
Name:
Title:

NEW OPERATOR:

_____

By:_____
Name: _____
Title: _____

SCHEDULE 1
Transferor/Current Operator/New Operator/Beds

Facility	Address	Current Operator	New Operator	Primary Use	No. Licensed Beds
Downey Care Center	13007 South Paramount Blvd., Downey CA 90242	Covenant Care Orange, Inc.	[[INSERT]]	SNF	99

ALF: assisted living facility
SNF: skilled nursing facility

EXHIBIT A

ASSUMED OPERATING CONTRACTS[1]

[TO COME]

[1] All exhibits and schedules are subject to New Operator's diligence efforts and, therefore, remain subject to further review prior to execution of OTA.

EXHIBIT B

FORM OF
OPERATOR BILL OF SALE

In consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, _____ ("Seller"), does hereby grant, bargain, sell, convey, assign and transfer to _____ ("Buyer"), and its successors and assigns, all of their respective right, title and interest in and to, all and singular, the following as defined in that certain Operations Transfer Agreement dated as of _____ between Seller and Buyer (the "Transfer Agreement"), which is incorporated herein by this reference:

To the extent not belonging or transferred to the Owner (as defined in the Transfer Agreement), all Inventory, General Intangibles and all other rights, privileges, goods, fixtures, furnishings, equipment and intangibles used in connection with the operation of the Facility, except as specifically identified and excluded as Excluded Assets under the Transfer Agreement;

TO HAVE AND TO HOLD, all and singular, for Buyer's use and benefit, and Seller hereby represents and warrants to Buyer that Seller has full right, power and authority to sell the foregoing assets and to make this Bill of Sale, and that the foregoing assets are free and clear of all liens and encumbrances except as set forth in Exhibits D and E to the Transfer Agreement. With the exception of the representations and warranties set forth in the immediately preceding sentence, the foregoing assets are transferred in their "AS IS, WHERE IS" condition, without any representation or warranty of any kind.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY RELATED DOCUMENT OR AGREEMENT TO THE CONTRARY, SELLER IS ONLY TRANSFERRING CERTAIN OPERATING ASSETS OF THE FACILITY AND IS NOT ASSIGNING TO BUYER, NOR IS BUYER ASSUMING FROM SELLER, ANY LIABILITY FOR CLAIMS, COSTS, EXPENSES, CONTRACTUAL ARRANGEMENTS, DUTIES OR OBLIGATIONS, SELLER'S GENERAL, PROFESSIONAL AND OTHER OPERATIONAL LIABILITIES, ERRORS OR OMISSIONS, OR OTHER DUTIES, OBLIGATIONS OR LIABILITIES OF SELLER, ITS AFFILIATES OR ITS PREDECESSORS-IN-INTEREST, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, TO THE EXTENT ARISING FROM OR RELATED IN ANY WAY TO THE OPERATION OF THE FACILITY PRIOR TO THE TRANSFER DATE.

Dated this _____ day of _____, 20___.

[Insert appropriate signature block]

EXHIBIT C

SCHEDULE OF ENCUMBERED FF&E AND ENCUMBRANCES THEREON

[To come]

EXHIBIT D

EXCLUDED ASSETS

The following assets ("Excluded Assets") of Current Operator are not included in this transaction and shall be retained by or delivered to Current Operator in accordance with the terms, conditions, and procedures, including without limitation proration procedures, set forth herein:

1. Cash and cash equivalents (excepting Resident Trust Property which shall be turned over to New Operator as set forth in the Agreement);
2. Revenues of any nature including but not limited to governmental overpayments and any rights to prosecute any governmental underpayments and accounts receivable(s) and notes representing billings for services rendered and goods and supplies sold by Current Operator to any residents prior to the Transfer Date or representing bills to third party payors for reimbursement for services rendered and goods and supplies sold to any residents of Current Operator prior to the Transfer Date;
3. Accounts receivable and notes receivable prior to the Transfer Date;
4. Settlements, refunds or returns of any other monies from any source or rights of any nature arising from or connected to Current Operator's operation of the Facility prior to the Transfer Date, including related to any taxes;
5. Prepaids or deposits made by Current Operator;
6. Refunds, rebates and dividends paid in respect of Worker's Compensation or other insurance premiums paid by Current Operator prior to the Transfer Date and any refunds or additional recoveries by or payments to Current Operator from any person for services or sales of goods or supplies prior to the Transfer Date;
7. all employee benefit plans, programs, arrangements and other commitments of Current Operator and its affiliates relating to their employees or independent contractors, whether written or oral, express or implied and any trusts, insurance arrangements or other assets held pursuant, or set aside, to fund the obligations under any such employee benefit plans;
8. all insurance policies (including any key man life insurance policies owned by the Current Operator or one of its affiliates or of which Current Operator or any of its affiliates is beneficiary) and the rights and benefits thereunder (including any rights to proceeds thereof), arising prior to the Transfer Date from or relating to the Facility;
9. Assets of Current Operator disposed of in the ordinary course of business prior to the Transfer Date, provided that Current Operator shall not dispose of any asset without the prior written consent of New Operator (other than Inventory used at the Facility in the ordinary course of business, which it shall also replenish to at least statutorily-required levels in normal course) in use at the Facility prior to the Transfer Date; and
10. The following specific items: _____.

EXHIBIT E

PERMITTED ENCUMBRANCES

EXHIBIT F

DISCLOSURE SCHEDULE

COLLECTIVE BARGAINING AGREEMENTS

FOREIGN EMPLOYEES WORKING UNDER VISAS OR OTHER WORK AUTHORIZATIONS

EXHIBIT G

CLAIMS

Employment Claims:

Other pending or threatened claims:

EXHIBIT H

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT
(Operating Contracts)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of this ___ day of _____, 20___, by and between those entities identified in the signatures below as "Current Operator" (individually or together as appropriate in the context, "Current Operator"), and those entities identified in the signatures below as "New Operator" ("New Operator"). Current Operator and New Operator are sometimes referred to herein collectively as the "Parties" and individually as a "Party."

RECITALS

A. Current Operator and New Operator have entered into that certain Operations Transfer Agreement, dated as of _____ (the "Transfer Agreement") covering certain assets and operations of that certain skilled nursing facility owned by CTR Partnership, L.P, a Delaware limited partnership ("Owner") more fully described in the Transfer Agreement as the "Facilities."

B. Pursuant to the Transfer Agreement, Current Operator is to assign to New Operator, and New Operator is to assume, certain contracts associated with the operation of the Facility which are referred to in the Transfer Agreement as the "Assumed Operating Contracts," and more specifically identified on Schedule A hereto.

C. By this Agreement Current Operator intends to assign to New Operator, and New Operator intends to assume and perform all of Current Operator's duties and obligations under, the Assumed Operating Contracts to the extent arising from and after the effective time of such assignment, upon the further terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree:

TERMS AND CONDITIONS

1. **Incorporation of Recitals and Exhibits.** The recitals set forth above and the Exhibits hereto are incorporated herein by this reference. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Transfer Agreement.

2. **Assignment and Assumption.** Current Operator hereby unconditionally assigns and transfers to New Operator, its successors and assigns, and New Operator hereby assumes and accepts the assignment of, all of Current Operator's right, title and interest in and to the Assumed Operating Contracts from and after the Effective Date (as defined below). New Operator agrees to pay and

perform all terms, covenants, conditions and obligations to the extent accruing and arising under the Assumed Operating Contracts from and after the Effective Date, and assumes all of the liabilities and obligations of Current Operator under the Assumed Operating Contracts to the extent arising and accruing on or after the Effective Date. All obligations and liabilities under the Assumed Operating Contracts accruing prior to the Effective Date shall be and remain the sole responsibility of Current Operator, and Current Operator agrees to timely and completely pay and perform the same as required thereunder.

3. **Representations and Covenants.** Current Operator hereby represents, warrants and covenants to New Operator as follows: (a) to the Current Operator's Knowledge (as defined in the Transfer Agreement), there is no material uncured breach, default or event of default by Current Operator nor any condition or event which with the passage of time or giving of notice or both would become a material breach, default or event of default by Current Operator under the Assumed Operating Contracts; and (b) Current Operator has paid or will pay all fees and obligations payable by Current Operator under the Assumed Operating Contracts to the extent arising prior to the Effective Date.

4. **Effective Date**. The "Effective Date" herein shall be the Transfer Date as set forth in the Transfer Agreement.

5. **Further Assurances.** Each party hereto agrees to execute such other documents and take such other actions as may be reasonably necessary or desirable to confirm or effectuate the transfer, assignment and assumption contemplated hereby.

6. **Disclaimer.** NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY RELATED DOCUMENT OR AGREEMENT TO THE CONTRARY, CURRENT OPERATOR IS ONLY TRANSFERRING CERTAIN OPERATING ASSETS OF THE FACILITY AND IS NOT ASSIGNING TO NEW OPERATOR, NOR IS NEW OPERATOR ASSUMING FROM CURRENT OPERATOR, ANY LIABILITY FOR CLAIMS, COSTS, EXPENSES, CONTRACTUAL ARRANGEMENTS, DUTIES OR OBLIGATIONS, CURRENT OPERATOR'S GENERAL, PROFESSIONAL AND OTHER OPERATIONAL LIABILITIES, ERRORS OR OMISSIONS, OR OTHER DUTIES, OBLIGATIONS OR LIABILITIES OF CURRENT OPERATOR, ITS AFFILIATES OR ITS PREDECESSORS-IN-INTEREST, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, TO THE EXTENT ARISING FROM OR RELATED IN ANY WAY TO THE OPERATION OF THE FACILITY PRIOR TO THE EFFECTIVE DATE.

7. **Miscellaneous.**

a. Governing Law; Jurisdiction. This Agreement and the rights of the parties hereto shall be governed and construed in accordance with the laws of the State of California without regard to conflict of laws. The parties agree that any legal suit, action or proceeding arising out of or relating to this Agreement must be instituted in a State court located in Orange County, California or Federal court in the Central District of California, and they hereby irrevocably submit to the jurisdiction of any such court.

b. Severability. In the event any covenant, term, condition or provision of this Agreement shall be deemed by a court of competent jurisdiction to be illegal, void or against public policy, such provision shall be severed from this Agreement and the remaining terms, conditions and provisions hereof shall remain in full force and effect to the extent permitted by law.

c. Construction. This Agreement has been negotiated by and between Current Operator and New Operator in arms-length negotiations and both Parties are responsible for its drafting. Both Parties have reviewed this Agreement with appropriate counsel, or have waived their right to do so, and the Parties hereby mutually and irrevocably agree that this Agreement shall be construed neither for nor against either Party, but in accordance with the plain language and intent hereof. Headings are used herein for convenience only, and shall play no part in the construction of any provision of this Agreement.

d. Attorneys' Fees. In the event of any dispute between the Parties arising under or in relation to this Agreement, the prevailing Party in such dispute or litigation shall have the right to receive from the non-prevailing Party all of the prevailing Party's reasonable costs and attorneys' fees incurred in connection with any such dispute and/or litigation. As used herein, the term "prevailing Party" shall refer to that Party to this Agreement for whom the result ultimately obtained most closely approximates such Party's position in such dispute or litigation.

e. Waiver. The waiver by either Party of any covenant, term, condition or provision of this Agreement or any breach thereof shall not be deemed to be a waiver of any subsequent contravention or breach of same or any other covenant, term, condition or provision herein contained. No covenant, term, condition or provision of this Agreement shall be deemed to have been waived by either Party, unless such waiver is in writing, signed by both Parties.

f. Notices. Any notices or other communication permitted or required pursuant to this Agreement shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, or by certified or registered mail (postage prepaid) to the parties at the addresses set forth below, with a copy to Owner. Notices shall be deemed effective only when (i) personally served, or, if sent by overnight delivery or courier service, the day after sent from within the United States, or if mailed, two (2) days after date of deposit in the United States mail, and (ii) a true and complete copy is simultaneously delivered to Owner by the same delivery method. The addresses for notice are:

If to Current Operator:

If to New Operator:

To Owner:

CTR Partnership, LP
c/o Care Trust REIT, Inc.
905 Calle Amanecer #300
San Clemente, CA 92673
Attn: Asset Management
Phone: 949.542.3130
Email:
assetmgr@caretrustreit.com

or to such other addresses as a party entitled to notice may from time to time designate in writing and deliver in like manner.

g. Time. Time is of the essence of this Agreement and every term and condition hereof.

h. Non-Assignability. This Agreement may not be assigned by New Operator without the prior written consent and proper approval of the Current Operator, which consent and approval the Current Operator may elect to grant or deny in its sole, absolute and unfettered discretion.

i. No Unintended Beneficiaries. This Agreement is solely between the Parties hereto, and other than Owner and its affiliates shall not create any right or benefit in any third party, including without limitation any party to or beneficiary of an Assumed Operating Contract, and any vendor, supplier, creditor, agent, partner, employee or affiliate of Current Operator, or of any party to or beneficiary of an Assumed Operating Contract, or any entity or agency having jurisdiction of the License, the Facility or the operation of the business therein.

j. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile, email or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

k. Integration and Amendment. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all prior oral or written agreements between the Parties with respect to the subject matter hereof. No modification or amendment hereto shall be valid or binding upon either Party unless such amendment or modification is in writing and duly executed by the Parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written by affixing their respective signatures hereto.

CURRENT OPERATOR:

_____

By:_____
Its:_____

NEW OPERATOR:

_____

By:_____
Its: _____

Schedule A to
Assignment and Assumption Agreement

ASSUMED OPERATING CONTRACTS

All of the following are the "Assumed Operating Contracts" as defined in Section 1.3 of the Transfer Agreement:

See List set forth on Exhibit A to the Transfer Agreement.

EXHIBIT I

COPY OF CURRENT OPERATOR'S FACILITY OPERATING LICENSE

(See attached)

EXHIBIT J

COPY OF CURRENT OPERATOR'S
CURRENT INSURANCE CERTIFICATE(S)

(See attached)

EXHIBIT K

(BUSINESS ASSOCIATE AGREEMENT)

EXHIBIT L

Initial Due Diligence Materials

EXHIBIT M

PENDING MEDICAID

321608795.7

EXHIBIT G

FORM OF INTERIM DOCUMENTS

Attached.

INTERIM MANAGEMENT AGREEMENT

This Interim Management Agreement (this "**Agreement**") is made and entered into as of _____, 2019 (the "**Execution Date**"), between _____, a _____ ("**Manager**") and COVENANT CARE ORANGE, INC., a California corporation ("**Operator**").

RECITALS

A. Operator currently holds a license (No. 940000176) (the "**License**") to operate that certain 99-bed skilled nursing facility located at 13007 South Paramount Blvd., Downey, California 90242 (the "**Facility**") by the California Department of Public Health ("**Department**").

B. Operator desires to engage Manager as the Manager of the Facility, to provide to, or on behalf of, the Operator the services provided for herein with respect to the Facility during the Term (as defined below).

C. Operator has agreed to transfer all operations in the Facility to Manager under a separate Operations Transfer Agreement dated [_____], 2019 (the "**Transfer Agreement**") and such transfer shall take place upon the consummation of the Transaction (as defined in the Transfer Agreement), and Operator has agreed, as of the Transfer Date (as defined in the Transfer Agreement) to sublease the Facility from Manager under an Interim Sublease (the "**Interim Sublease**").

D. Manager is willing to assist with the administration of the Facility on behalf of Operator during the Term.

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, IT IS AGREED AS FOLLOWS:

I. Responsibilities of Manager: Operator hereby engages Manager and Manager hereby accepts such engagement and agrees to provide those certain services as more fully described herein to Operator in connection with the operation of the Facility, upon the terms and conditions set forth in this Agreement. By entering into this Agreement, Operator does not delegate to Manager any powers, duties or responsibilities which it is prohibited by law from delegating. Operator hereby appoints Manager as (i) its sole and exclusive agent for the purpose of occupying and operating the Facility, and (ii) its attorney-in-fact for all purposes with respect to Operator's rights, duties and responsibilities under the license for the Facility, to the extent permitted by law. Operator hereby grants and assigns to Manager all rights, privileges, powers and authority necessary or desirable for Manager to fulfill the purposes and intent of this Agreement, with the right and obligation to act in Operator's name and stead as necessary or desirable for the efficient or effective operation of the Facility. Operator also retains such other authority as shall not have been expressly delegated to Manager pursuant to this Agreement. The responsibilities of the Operator are in no way lessened by entering into this Agreement and the Operator retains full legal authority over the organization, management operation and control of the Facility. Subject to the foregoing, Manager shall provide the following services:

A. Operational Policies and Forms: Manager shall implement operational policies and procedures and develop such new policies and procedures as it deems necessary to insure the establishment and maintenance of operational standards appropriate for the nature of the Facility.

B. Charges: Manager shall provide the schedules of recommended charges, including any and all special charges, for services rendered to the residents at the Facility.

C. Information: Manager shall develop any informational material, mass media releases, and other related publicity materials, which it deems necessary for the operation of the Facility.

D. Regulatory Compliance: Manager, with the assistance of Operator if requested by Manager, shall use its commercially reasonable efforts to assist Operator to maintain all licenses, permits, qualifications and approvals from any applicable governmental or regulatory authority for the operation of the Facility, shall assist Operator with respect to the operation of the Facility in full compliance with all applicable laws and regulations and shall comply with all such laws and regulations in performing its obligations under this Agreement; provided, however, nothing herein shall be construed as relieving Operator, as the licensed operator of the Facility, from liability in the event that the operations at the Facility fail to comply with applicable law, subject, however, to any indemnity rights which Operator may have against Manager under Section XIII hereof if such liability arises from a breach by Manager of its obligations under this Section I.D.

E. Equipment and Improvements: Manager shall maintain the Facility's physical plant and equipment and coordinate improvements which are needed to maintain or upgrade the quality of the Facility and said equipment, to replace obsolete or run-down equipment or to correct any other survey deficiencies which may be cited during the term of this Agreement. Manager shall make all necessary and approved repairs, replacements and maintenance and shall acquire all necessary equipment, including replacement equipment and, in the case of repairs and maintenance, shall be undertaken in a workmanlike and lien free manner.

F. Accounting: Manager shall provide home office and accounting support to the Facility. Manager shall bill and collect all rent from the residents of the Facility and payments from third party payors including government payors, utilizing the Operator's provider numbers and presenting claims under the Provider Agreements. All accounting procedures and systems utilized in providing said support shall be in accordance with the operating capital and cash programs developed by Manager, which programs shall conform to generally accepted accounting principles and shall not materially distort income or loss. In addition, Manager shall prepare or cause to be prepared all tax returns, including payroll tax returns and shall cause all local, state and federal taxes to be timely paid or contested, as appropriate. Nothing herein shall preclude Manager from delegating to a third party a portion of the accounting duties provided for in this section; provided, that such delegation shall not relieve Manager from ultimate liability for the timely and complete performance of the obligations provided for herein, or relieve Manager from the responsibility for the accuracy of the books and records of the Facility. The Manager shall pay all of the expenses of the Facility related to the Term of this Agreement including, but not limited to, all Rent (including without limitation "Base Rent" and "Additional

Rent") due under that certain Master Lease dated as of _____ (as amended, the "**Lease**") between CTR Partnership, L.P., a Delaware limited partnership, as **Landlord**, and [[Manager]] as "**Tenant**"; Rent due under the Interim Sublease; payroll and employee benefits; supplies; equipment; vendors; utilities; payment of Manager's fee and any other capital and operating expenses of the Facility. Any fee due to Manager which is not paid when due as a result of an insufficiency of Facility Funds to cover the same shall accrue and shall be due and payable only at such time as there are sufficient Facility Funds to pay the same. As used in this Agreement, "**Facility Funds**" means all revenues from, and proceeds of, operation of, and services provided by, the Facility during the Term.

G. Reports and Records: Manager shall prepare and provide all necessary bookkeeping and accounting for the operation of the Facility. Operator shall assist Manager in complying with any reporting obligations imposed under the terms of the Lease, Sublease and/or Interim Sublease, as applicable, or with respect to Operator, to comply with all applicable laws to maintain the License.

H. Personnel: Manager and Operator acknowledge and agree that Manager shall have full power and authority to hire and fire the personnel at the Facility, regardless of whether such persons are employed by the Operator or by the Manager. In order to assist Operator in fulfilling its obligations with respect to the employees of the Facility, Operator does hereby delegate to Manager the authority to recruit, train, promote, direct and discipline personnel of the Facility; establish salary levels, personnel policies and employee benefits; and establish employee performance standards, all as needed during the term of this Agreement to ensure the efficient operation of all departments within and services offered by the Facility. All of the foregoing obligations shall be undertaken in accordance with the operating budgets of the Facility, the policies and procedures of the Facility and all applicable state and federal laws and all expenses incurred by Manager in connection therewith shall be paid by Manager.

I. Supplies and Equipment: Manager shall purchase, in its own name, supplies and equipment (capital and non-capital) needed to operate the Facility. In purchasing said supplies and equipment, if possible, Manager shall take advantage of any national or group purchasing agreements to which Manager may be a party.

J. [Intentionally Omitted].

K. Resident Care: Manager shall provide patient care as required under applicable regulations for skilled nursing facilities and shall handle and administer all resident trust funds and accounts.

L. Collection of Accounts: Manager shall issue bills and collect accounts and monies owed for goods and services furnished by the Facility, including, but not limited to, enforcing the rights of Operator and the Facility as creditor under any contract or in connection with the rendering of any services. Any actions taken by Manager to collect said accounts receivable shall be in accordance with the applicable laws, rules and regulations governing the collection of accounts receivable. Subject to the immediately following sentence, any amounts collected by Manager shall be deposited in the Manager's bank account and applied toward the payment of the expenses associated with the operation of the Facility, including, but not limited

to, the Rent due under the Interim Sublease. The parties recognized that Medicare, Medi-Cal (Medicaid) and other government payments for services provided by the Facility will be paid to Operator's single consolidated bank account for receipt of government payments, and the parties agree that amounts due to Manager from such government payments shall be handled in accordance with the procedures set forth in Section 5.6 of the Transfer Agreement.

M. [Intentionally Omitted].

N. Admission Agreements and Contracts. The Manager shall prepare all admission agreements for execution by residents and update and amend admission agreements as necessary. [Operator's name shall appear on all admission agreements and disclosures.][1]

II. Insurance: [Manager shall arrange for and maintain all necessary and proper hazard insurance covering the Facility, the furniture, fixtures, and equipment situated thereon, and all necessary and proper malpractice and public liability insurance for the protection of Manager, Tenant, Landlord and Operator and their officers, partners, agents and employees. All employee health and worker's compensation insurance provided to the employees of the Facility shall be administered by Manager. Any insurance provided pursuant to this paragraph shall comply with the requirements of the Lease and shall name Operator as an additional insured, and, with the exception of the insurance maintained by Manager for its own protection, shall be paid from the Facility Funds.][2]

III. Proprietary Interest: The systems, methods, procedures and controls employed by Manager and any written materials or brochures developed by Manager to document the same are to remain the property of Manager and are not, at any time during or after the term of this Agreement, to be utilized, distributed, copied or otherwise employed or acquired by Operator, except as authorized by Manager.

IV. Term of Agreement: The term of this Agreement (the "**Term**") shall commence on _____, 2019 ("**Effective Date**") and shall terminate automatically upon termination of the Interim Sublease. Notwithstanding the foregoing, if Manager has not received its own license to operate the Facility within one year following the Effective Date, Operator may elect to extend the term of this Agreement; and if Manager has not received its own license to operate the Facility within 1.5 years of the Effective Date, Manager shall reasonably cooperate with Operator to identify a substitute operator reasonably acceptable to Operator.

V. Default: Either party may terminate this Agreement, as specified in this Section V, in the event of a default ("**Event of Default**") by the other party.

A. With respect to Manager, it shall be an "Event of Default" hereunder:

(i) If Manager shall fail to keep, observe or perform any material agreement, term or provision of this Agreement, and such default shall continue for a period of thirty (30) days after notice thereof shall have been given to Manager by Operator, which notice shall specify the event or events constituting the default; provided however, if such cure is of the

[1] NTD: To be discussed.
[2] NTD: Subject to review by insurance broker.

type that it cannot be cured within said thirty (30) day period, Manager shall not be deemed in default if Manager commences such cure within the thirty (30) day period and diligently pursues such cure to completion; or

(ii) If Manager shall apply for or consent to the appointment of a receiver, trustee or liquidator of Manager of all or a substantial part of its assets, file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors or taking advantage of any insolvency law, or if an order judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Manager, a bankrupt or insolvent or approving a petition seeking reorganization of Manager, or appointing a receiver, trustee or liquidator of Manager, of all or a substantial part of its assets.

B. With respect to Operator, it shall be an Event of Default hereunder:

(i) If Operator shall fail to keep, observe or perform any material agreement, term or provision of this Agreement, and such default shall continue for a period of thirty (30) days after notice thereof shall have been given to Operator by Manager, which notice shall specify the event or events constituting the default; provided however, if such cure is of the type that it cannot be cured within said thirty (30) day period, Operator shall not be deemed in default if Operator commences such cure within the thirty (30) day period and diligently pursues such cure to completion; provided further that, without limiting any right or remedy available to Manager at law, in equity or hereunder, Manager shall have the right to cure any default by Operator and Operator shall reimburse Manger for the cost thereof upon demand;

(ii) If Operator shall be dissolved or shall apply for or consent to the appointment of a receiver, trustee or liquidator of Operator or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit or creditors, file a petition or an answer seeking reorganization or arrangement with creditors or taking advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Operator a bankrupt or insolvent or approving a petition seeking reorganization of Operator or appointing a receiver, trustee or liquidator of Operator of all or a substantial part of its assets.

VI. Remedies Upon Default:

A. If any Event of Default by Operator shall occur, Manager may, in addition to any other remedy available to it in law or equity on account of such Event of Default, forthwith terminate this Agreement, and neither party shall have any further obligations whatsoever under this Agreement, but Manager shall immediately be entitled to receive payment of all amounts theretofore unpaid but earned to the date of termination.

B. If any Event of Default by Manager shall occur, Operator may, in addition to any other remedy available to it in law or equity on account of such Event of Default, forthwith terminate this Agreement, and neither party shall have any further obligation

whatsoever under this Agreement; provided, however, that Manager's right to receive payment of all amounts theretofore unpaid but earned to date of termination shall be subject to Operator's right to receive payment of damages from Manager, including set off.

VII. Facility Operations:

A. No Guarantee of Profitability: Manager does not guarantee that the Facility will be profitable, but Manager shall use its commercially reasonable efforts to provide the services contemplated by this Agreement in as cost efficient and profitable a manner as possible.

B. Standard of Performance: In performing its obligations under this Agreement, Manager shall use its commercially reasonable efforts and act in good faith and with professionalism in accordance with acceptable and prevailing standards of health care and the policies adopted by, and resources available to, the Facility.

C. Force Majeure: Neither party will be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder for any reason beyond its control, including, without limitation, strikes, shortages, war, acts of God, or any statute, regulation or rule of federal, state or local government or agency thereof.

VIII. [Intentionally Omitted.]

IX. Fee: In addition to the payment of all costs and expenses of any kind arising from the operation of the Facility during the Term, Manager shall be entitled to pay itself one hundred percent (100%) of the profits and be solely responsible for one hundred percent (100%) of the losses, if any (including without limitation any tax benefits from losses), of the Facility that accrue during the Term. Operator hereby assigns all rights to the rents, profits or income of the Facility earned from and after the Transfer Date to Manager, without reservation, right of set-off or reimbursement, as and for the management fee payable hereunder. Manager and Operator acknowledge and agree that, notwithstanding anything to the contrary set forth in this Agreement or in the Transfer Agreement, Operator shall have no financial obligations or liabilities (i) arising out of the operation of the Facility or (ii) under this Agreement, and that all of the costs and expenses of the operation of the Facility be funded only from Facility Funds or Manager's own funds.

X. Assignment: This Agreement shall not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that nothing herein shall be construed as precluding the assignment or delegation of accounting duties as set forth in Section I.F.

XI. Notices: All notices required or permitted hereunder shall be given in writing by hand delivery, by registered or certified mail, postage prepaid, by overnight delivery or by facsimile transmission (with receipt confirmed with the recipient). Notice shall be delivered or mailed to the parties at the following addresses or at such other places as either party shall designate in writing.

If to Manager:

With copy to:

If to Operator:

With copy to:

XII. Relationship of the Parties: The relationship of the parties shall be that of a principal and independent contractor and all acts performed by Manager during the term hereof shall be deemed to be performed in its capacity as an independent contractor. Nothing contained in this Agreement is intended to or shall be construed to give rise to or create a partnership or joint venture or lease between Operator, its successors and assigns on the one hand, and Manager, its successors and assigns on the other hand.

XIII. Indemnification:[3]

A. Indemnification by Manager: Subject to the terms, conditions and other limitations set forth in the Transfer Agreement, Manager covenants and agrees to indemnify, defend (with counsel acceptable to Licensee in its reasonable discretion), and hold harmless Operator for, from and against all direct and indirect losses, costs, rent, taxes, insurance, expenses, attorneys' fees, fines, judgments, liens, liabilities, claims, damages, offsets, fraud or overpayment liabilities, or sums incurred by Operator resulting from or in any way connected to the Facility, the License and/or the Interim Sublease, arising from or in connection with the acts or omissions of Manager.

B. Indemnification by Operator. Subject to the terms, conditions and other limitations set forth in the Transfer Agreement, Operator covenants and agrees to indemnify, defend (with counsel acceptable to Manager in its reasonable discretion), and hold harmless Manager for, from and against all direct and indirect losses, costs, rent, taxes, insurance, expenses, attorneys' fees, fines, judgments, liens, liabilities, claims, damages, offsets, fraud or overpayment liabilities, or sums incurred by Manager resulting from or in any way connected to the Facility and/or the License, arising from or in connection with the acts or omissions of Operator.

C. In the event that a party is entitled to indemnification under both this Agreement and the Transfer Agreement, the indemnification provisions of the Transfer Agreement shall control.

XIV. Entire Agreement: This Agreement, including, if applicable, the Addendum attached hereto, and any documents executed in connection herewith contain the entire agreement between the parties for purposes of managing day to day activities of the Facility and shall be binding upon and inure to the benefit of their successors and assigns, and shall be

[3] NTD: Indemnification provisions otherwise covered in the OTA.

construed in accordance with the laws of the State of California. This Agreement may not be modified or amended except by written instrument signed by both of the parties hereto.

XV. Captions: The captions used herein are for convenience of reference only and shall not be construed in any manner to limit or modify any of the terms hereof.

XVI. Attorney's Fees: In the event either party brings an action to enforce this Agreement, the prevailing party in such action shall be entitled to recover from the other all costs incurred in connection therewith, including reasonable attorney's fees.

XVII. Severability: In the event one or more of the provisions contained in this Agreement is deemed to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be impaired thereby.

XVIII. Cumulative; No Waiver: No right or remedy herein conferred upon or reserved to either of the parties hereto is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of an Event of Default hereunder. The failure of either party hereto to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof with respect to subsequent defaults. Every right and remedy given by this Agreement to the parties hereof may be exercised from time to time and as often as may be deemed expedient by the parties thereto, as the case may be.

XIX. Authorization for Agreement: The execution and performance of this Agreement by Operator and Manager have been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of Operator and Manager in accordance with its terms, except as such enforceability may be limited by creditors rights laws and general principles of equity.

XX. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be an original, and each such counterpart shall together constitute but one and the same Agreement.

XXI. Confidentiality of Records and Patient Information. All records, files, proceedings and related information with respect to patients, and of Operator and of the Facility's Medical Staff and its committees pertaining to the evaluation and improvement of the quality of patient care at Operator, shall be kept strictly confidential by Manager and its personnel. Manager shall ensure that the foregoing persons shall not voluntarily disclose any such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by Operator. Manager shall take all steps necessary to assure that the confidentiality of medical records and health information of Facility patients is preserved in accordance with applicable law, including without limitation regulations implementing Public Law 104-191 of August 21, 1996, known as the Health Insurance Portability and Accountability Act of 1996, as amended by the HITECH Act of the American Recovery and Reinvestment Act

of 2009 and its implementing regulations, including without limitation, the Standards for Electronic Transaction and Code Set (45 CFR Parts 160 and 162), the Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 and 164), the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Parts 160 and 164) and such other regulations that may, from time to time, be promulgated thereunder ("HIPAA"), and that all employees and agents of Manager shall use such information solely for the purposes necessary to perform Manager's obligations under this Agreement. Neither Manager nor its personnel shall voluntarily disclose such records or information, either orally or in writing, except as expressly required by law. Manager shall comply with the Business Associate Exhibit attached hereto has Exhibit A which is hereby incorporated into this Agreement. The provisions of this section shall survive the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties have hereto caused this Agreement to be duly executed, as of the day and year first above written.

OPERATOR:

COVENANT CARE ORANGE, INC.,
a California corporation

By: _____
Name: _____
Its: _____

MANAGER:

[[INSERT]],
a [[INSERT]]

By: _____
Name: _____
Its: _____

[Exhibit A
Business Associate Agreement

[INSERT COVENANT CARE FORM BAA]

321608796.5

INTERIM SUBLEASE

THIS INTERIM SUBLEASE ("**Sublease**") dated this ___ day of _____, 20___, is made by and between _____, a _____ ("**Sublessor**"), and COVENANT CARE ORANGE, INC., a California corporation ("**Sublessee**").

RECITALS

A. Sublessee is the current licensed operator and was the lessee of that certain skilled nursing facility located at 13007 South Paramount Blvd., Downey, California 90242 and referred to as Downey Care Center, as more particularly described on Exhibit A hereto and incorporated herein by this reference (the "**Facility**").

B. Pursuant to the terms of that certain Master Lease dated _____ (the "**Master Lease**"), by and between CTR PARTNERSHIP, L.P., a Delaware limited partnership ("**Owner**" or "**Lessor**") and Sublessor, Sublessor holds the leasehold interest in the Facility as of the date hereof (the "**Effective Date**").

C. Prior to the Effective Date, Sublessor applied to the California Department of Public Health ("**DHS**") for a license to operate the facility as a skilled nursing facility (the "**License**"). As of the Effective Date, the License has not yet been received.

D. In order to transition operations of the Facility on the Effective Date, Sublessor agrees to sublease the Facility to Sublessee in accordance with the terms of this Sublease in order for Sublessee to remain the licensee during the pendency of Sublessor's license application.

E. During the pendency of Sublessor's license application, Sublessee and Sublessor will enter into an Interim Management Agreement (the "**IMA**") pursuant to the terms and conditions of which Sublessor will manage the Facility on behalf of Sublessee from and after the Effective Date. In connection therewith, Sublessee shall execute and deliver to DHS such forms as are necessary with respect to the Facility in order to cause Sublessor to be added as the manager of the Facility under the existing license held by Sublessee.

F. Sublessor and Sublessee desire to document the terms and conditions under which Sublessee will sublease the Facility from Sublessor and Sublessor will sublease the Facility to Sublessee.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants of the parties set forth herein, IT IS HEREBY AGREED AS FOLLOWS:

1. *Subleased Premises and Property*. Sublessor does hereby sublease to Sublessee and Sublessee does hereby sublease from Sublessor the real property on which the Facility is located and the improvements thereon and furniture, fixtures and equipment located therein which collectively comprise the Facility on the terms and conditions set forth herein.

2. *Term*. The term of this Sublease shall commence on the Effective Date and shall, without any further action by Sublessor or Sublessee being required, automatically terminate

upon the earlier to occur of: (i) issuance of the License to Sublessor, and (ii) the date upon which the Facility is closed by DHS or on which operations of the Facility are transferred (with the consent or at the direction of Owner) to a duly licensed operator other than Sublessor.

3. *Rent*. The monthly rent ("**Rent**") due during the term of this Sublease shall be the positive cash of the Facility remaining after payment of all costs of operation of the Facility.

4. *Sublessee's Operating, Maintenance and Insurance Covenants*. Sublessor and Sublessee acknowledge and agree that the operation, maintenance and insurance of the Facility during the term of the Sublease shall be governed by the terms of the IMA and that certain Operations Transfer Agreement between, among other parties, Sublessee and Sublessor (the "**OTA**") and that a default by Sublessee in its obligations under the IMA and/or OTA shall be a default by Sublessee in its obligations under this Sublease. In the event of a conflict between this Sublease and either the IMA or the OTA, Sublessor and Sublessee agree the provisions of the IMA or OTA (as applicable) shall control.

5. *Sublessee Cooperation with Licensing*. Sublessee agrees to provide any reasonable assistance to Sublessor in order for Sublessor to obtain the License to operate the Facility. Sublessor covenants and agrees to use its commercially reasonable efforts to obtain the License in a timely manner.

6. *Indemnification*. Sublessee shall defend, indemnify, and hold Sublessor harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for bodily injury, including death, property damage or any other claim, cause of action or demand as a result of any act, omission, negligence or willful misconduct of Sublessee's officers, agents, or employees. Sublessor shall defend, indemnify and hold Sublessee harmless against all liabilities, damages, costs and expenses, including attorneys' fees, for bodily injury, including death, property damage or any other claim, cause of action or demand as the result of any act, omission, negligence or willful misconduct of Sublessor's officers, members, agents or employees.

7. *Assignment.* Sublessee shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Sublease (collectively referred to as a "**Transfer**") without the prior written consent of Sublessor and Owner, which consent may be withheld at Sublessor's and/or Owner's sole discretion. Provided that Owner shall have consented thereto in writing, Sublessor shall have the right to assign this Sublease to any subsequent purchaser or lessee of the Facility.

8. *Liens.* Sublessee shall keep the Facility free from any liens created by or through Sublessee. Sublessee shall indemnify and hold Sublessor harmless from liability from any such liens.

9. *Entirety*. This Agreement, including the exhibits hereto, represents the entire and final agreement of the parties hereto with respect to the subject matter hereof and may not be amended or modified except by written instrument signed by the parties hereto.

10. *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. *Counterparts*. This Sublease may be executed in multiple counterparts, each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereby execute this Sublease as of the day and year first set forth above.

SUBLESSOR: PORTLAND OF CASCADIA, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

SUBLESSEE: MOUNTAIN VIEW REHABILITATION AND HEALTHCARE CENTER, LLC, a _____

By: _____
Name: _____
Its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

CONSENT TO SUBLEASE

The undersigned, as Owner/Lessor of the Facility under the Master Lease described hereinabove, does hereby consent to the above Sublease, provided that neither such consent nor anything contained herein shall be deemed or construed to release Sublessor from any of its obligations and duties under the Master Lease. Except as is specifically contemplated or permitted under the terms of this Sublease, the foregoing consent by Owner/Lessor shall not be deemed or construed to constitute consent by Owner/Lessor to any other or future transfer, assignment or subletting of all or any portion of or interest in the Facility by Sublessor, Sublessee or any other party.

OWNER/LESSOR:

CTR PARTNERSHIP, L.P.,
a Delaware limited partnership

By: CareTrust GP, LLC,
a Delaware limited liability company
Its: General Partner

By: CareTrust REIT, Inc.,
a Maryland corporation
Its: Sole Member

By:_____
Name: Gregory K. Stapley
Title: President

EXHIBIT A

LEGAL DESCRIPTION OF THE FACILITY

SCHEDULE 1

FACILITY LIST

Facility Name	Facility Address	Primary Intended Use	Medicaid and Medicare Certified Beds	Medicare -Only Certified	Total Licensed Beds	Security Deposit
Existing Facilities:						
Turlock Residential Care Facility	1101 E. Tuolumne Road Turlock, CA 95382	SNF	144	N/A	144	$111,282
Turlock Nursing and Rehabilitation Center	1111 E. Tuolumne Road Turlock, CA 95382	SNF	49	N/A	49	$111,282
Arbor Rehabilitation & Nursing Center	900 North Church Street Lodi, CA 95240	SNF	149	N/A	149	$149,000
Arbor Place	17 Louie Avenue Lodi, CA 95244	SNF	76	N/A	76	$46,000
New California Facilities:						
Huntington Park Nursing Center	6425 Miles Avenue Huntington Park, CA 90255	SNF	99	N/A	99	See Article III
Shoreline Care Center	5225 South J Street Oxnard, CA 93033	SNF	193	N/A	193	See Article III
Downey Care Center	13007 South Paramount Boulevard Downey, CA 90242	SNF	99	N/A	99	See Article III
Courtyard Healthcare Center	1850 East 8th Street Davis, CA 95616	SNF	112	N/A	112	See Article III

Defined Terms

"SNF" Skilled Nursing Facility

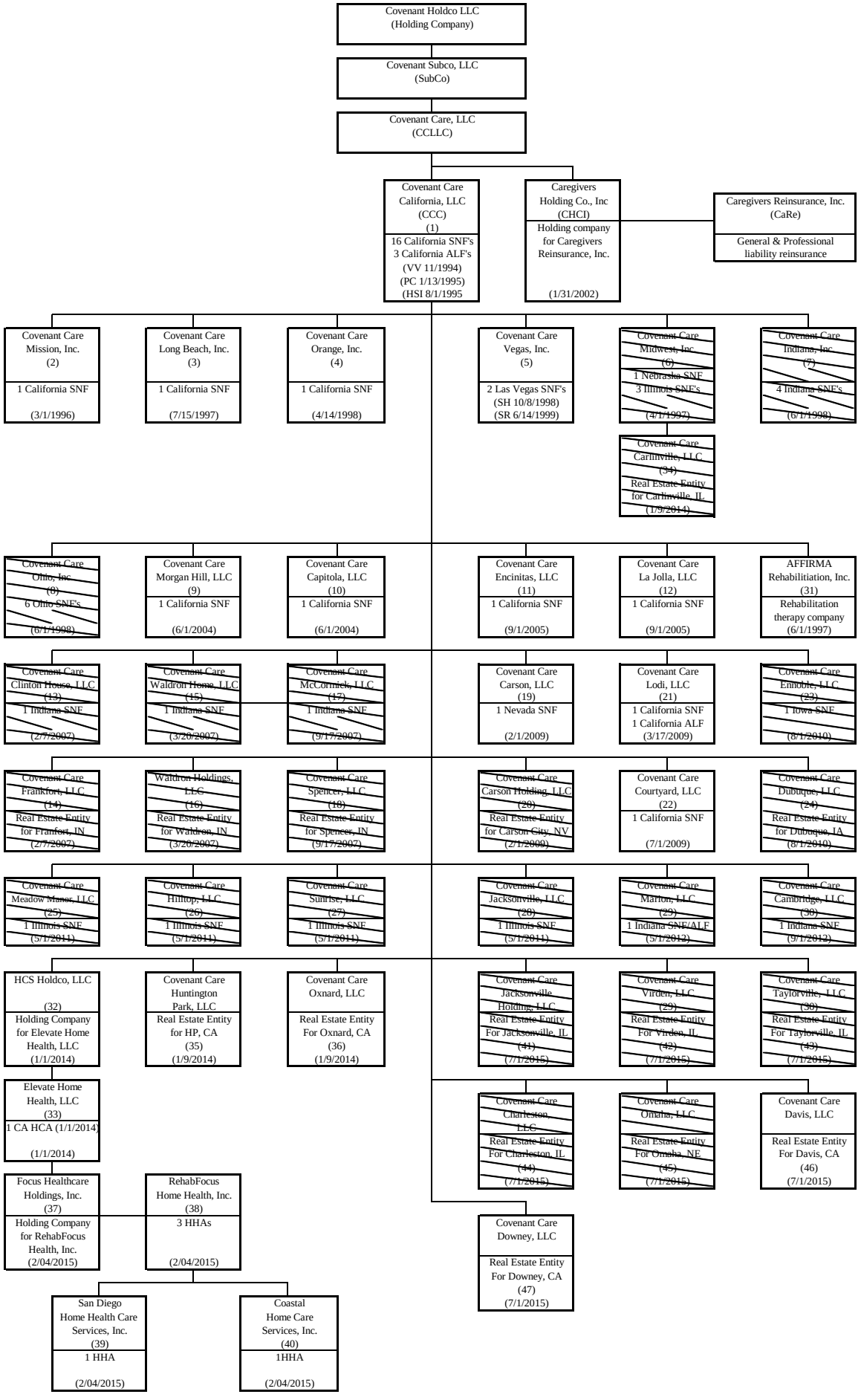
SCHEDULE 2

TENANT OWNERSHIP STRUCTURE

See attached.

COVENANT HOLDCO, LLC - LEGAL ENTITY ORGANIZATIONAL CHART

Note: (xx/xx/xxxx) represents beginning date of operations



SCHEDULE 3

FORM OF REQUEST FOR ADVANCE

FORM OF REQUEST FOR ADVANCE

Request for Advance

CTR PARTNERSHIP, L.P., a Delaware limited partnership
905 Calle Amanecer, Suite 300
San Clemente, CA 92673
Attention: Lease Administration
Reference: [_____]; Improvement Funds

To Whom It May Concern:

Reference is hereby made to that certain Master Lease dated effective as of [[_____]], by and among [[_____]], as "**Tenant**", and CTR Partnership , L.P., a Delaware limited partnership, as "**Landlord**"(as amended, modified or revised, the "**Lease**"). Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. Pursuant to Section 7.7 of the Lease, Tenant hereby submits this request for advance ("**Request for Advance**") and requests that Landlord make an advance (an "**Advance**") to Tenant of the Improvement Funds in an amount equal to $_____ in connection with the Approved Capital Improvement Project at [[_____]] [[INSERT FACILITY NAME]]

2. Tenant requests that such Advance be made available on _____, 201_.

3. The aggregate amount of all outstanding Advances as of the date hereof and as of the date of the making of the requested Advance (after taking into account the amount of such Advance) does not exceed the Project Cap applicable to this Approved Capital Improvement Project pursuant to Section 7.7 of the Lease.

4. Attached hereto are true, correct, and complete copies of the items required pursuant to Section 7.7 of the Lease to be submitted by Tenant to Landlord in connection with the requested Advance.

5. Tenant hereby certifies to Landlord as of the date hereof and as of the date of making of the requested Advance (after taking into effect such Advance) that:

(A) No Event of Default exists or will exist under the Lease and no default beyond any applicable cure period exists or will exist under any of the documents executed by Tenant in connection with the Lease.

(B) Tenant has complied in all material respects with all duties and obligations required to date to be carried out and performed by it pursuant to the terms of the Section 7.7of the Lease.

(C) All Advances previously disbursed have been used for the purposes set forth in Section 7.7 of the Lease and in the Request for Advance applicable to any such Advance.

(D) All outstanding claims for labor, materials, and/or services furnished prior to the period covered by this Request for Advance have been paid or will be paid from the proceeds of this Advance, except to the extent the same are being duly contested in accordance with the terms of the Lease.

(E) The Advance requested hereby will be used solely for the purpose of paying costs of the repairs and/or renovations as shown on the attached report and no portion of the Advance requested hereunder has been the basis for any prior Advance.

(F) There are no liens outstanding against the Premises (or any portion thereof) or its equipment other than liens, if any, which have been disclosed in writing to Landlord that are being duly contested in accordance with the terms of the Lease.

(G) All representations and warranties of Tenant contained in the Lease are true and correct in all material respects as of the date hereof.

The undersigned certifies that the statements made in this Request for Advance and any documents submitted herewith are true and correct.

TENANT:

_____,
a(n) _____

By: _____
Name: _____
Title: _____

SCHEDULE 4

AFFILIATE TRANSACTIONS

AFFIRMA Rehabilitation, Inc., provides therapy services to the Tenant.

Caregivers Reinsurance, Inc. provides professional and general liability insurance coverage to, and administrative services for, the Tenant.

Tenant may be subject to a Tax Sharing Agreement (the "Tax Sharing Agreement") effective as of April 14, 2006, by and among Covenant Care California and certain subsidiaries listed as parties thereto (the "Subsidiaries"), and any other company that joins in filing a U.S. consolidated tax return with Covenant Care California after the date thereof, as amended by that certain Amendment dated July 16, 2008 (the "Tax Sharing Amendment"). Pursuant to the Tax Sharing Agreement, Covenant Care California and the Subsidiaries are members of a consolidated group and Covenant Care California is treated as the common parent of such consolidated group pursuant to Treasury Regulations Section 1.1502-75(d)(2). In addition, pursuant to the Tax Sharing Amendment, for tax periods after July 17, 2008, the filing of consolidated taxes applies to the consolidated group of which Covenant Subco. LLC is the common parent.

Tenant is party to the following affiliate subleases, each dated as of the date hereof:

1. The sublease between Tenant and Covenant Care California with respect to the Huntington Park Nursing Center;

2. The sublease between Tenant and Covenant Care California with respect to the Shoreline Care Center;

3. The sublease between Tenant and Covenant Care Orange, Inc. with respect to the Downey Care Center;

4. The sublease between Tenant and Covenant Care Courtyard, LLC with respect to the Courtyard Healthcare Center;

5. The sublease between Tenant and Covenant Care California with respect to the Turlock Residential Care Facility and the Turlock Nursing and Rehabilitation Center;

6. The sublease between Tenant and Covenant Care Lodi, LLC with respect to Arbor Rehabilitation & Nursing Center; and

7. The sublease between Tenant and Covenant Care Lodi, LLC with respect to Arbor Place.

SCHEDULE 5

IDENTIFIED REPAIRS

Courtyard	**Estimated Cost:**
Parking, Add Van-Accessible Parking Space With Sign	$450
Parking, Add Accessible Route From Parking Area to Entrance	$500
Toilet Rooms, Wrap Drain Pipes Below Accessible Lavatory	$150
Ramps, Install Handrail on Exterior Ramp, On One Side	$750
Toilet Rooms, Add ADA Grab Bar and Blocking	$400
Paving, Curbing, and Parking – Asphalt Pavement, Overlay and Stripe	$33,000
Paving, Curbing, and Parking – Concrete Pavement, Replace Damaged Areas	$3,000
Downey	
Parking, Add Van-Accessible Parking Space With Sign	$450
Toilet Rooms, Add ADA Grab Bar and Blocking	$800
Paving, Curbing, and Parking – Asphalt Pavement, Overlay and Stripe	$21,000
Huntington Park	
5.3 Paving, Curbing, and Parking – Asphalt Pavement, Overlay and Stripe	$15,750
5.3 Paving, Curbing, and Parking – Concrete Paving, Replace Damaged Areas	$2,400
Shoreline	
5.1 Landscaping and Topography – Retaining Wall (CMU), Replace	$500
5.3 Paving, Curbing, and Parking – Asphalt Pavement, Overlay and Stripe	$19,500

SCHEDULE 6

WIRE INSTRUCTIONS

CTR Partnership, L.P.

Wells Fargo

Account # 4125626739

ABA # 121000248

SCHEDULE 7

ABL AGREEMENT EVENTS OF DEFAULT

The ABL Events of Default are set forth in (i) Exhibit A to the Amendment No. 6 to the ABL (the "ABL Sixth Amendment"), effective as of June 15, 2016, (ii) Exhibit A to the Amendment No. 7 to the ABL (the "ABL Seventh Amendment"), effective as of August 28, 2017, (iii) Annex A to the Amendment No. 8 to the ABL (the "ABL Eighth Amendment"), effective as of September 20, 2018, and (iv) Annex I to the Amendment No. 9 to the ABL (the "ABL Ninth Amendment"), effective as of January 31, 2019, each of which have been conditionally waived by ABL Agent on the conditions described in the ABL Sixth Amendment, the ABL Seventh Amendment, the ABL Eighth Amendment and the ABL Ninth Amendment.

MASTER LEASE

Between

CTR PARTNERSHIP, L.P.,

a Delaware limited partnership,

as "Landlord"

and

COVENANT CARE MASTER WEST, LLC,

a California limited liability company

as "Tenant"

Dated: February 6, 2019

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EXHIBITS/SCHEDULES