Resthave Retirement and Nursing Home

408 Maple Avenue
Morrison, Illinois 61270-2998

Tami Tegeler, Administrator
Phone 815-772-4021
Fax 815.772.4583

September 4, 2012

RECEIVED

SEP 05 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Stipulation for Project # 12-022
Resthave Home of Morrison, Illinois

Dear Mr. Constantino:

On July 23, 2012, the Board granted Resthave Home of Morrison, Illinois a permit for Project # 12-022 with stipulations. I am submitting a mortgage commitment letter from The National Bank that satisfies the condition. Furthermore, I am including the proxy from the Board of Directors of Resthave Home approving The National Bank as lender for Project #12-022.

Please contact me at (815) 772-4021 with any questions.

Sincerely,

Tami Tegeler

Tami Tegeler, Administrator
Resthave Nursing & Retirement Home

Attachments

Resthave Retirement and Nursing Home
408 Maple Avenue
Morrison, Illinois 61270-2998

Tami Tegeler, Administrator
Phone 815-772-4021
Fax 815-772-4583

Proxy

The Board of Directors of Resthave Home of Whiteside County, Illinois, met on August 30th, 2012 and approved THE National Bank as the mortgage lender for the modernization and addition to Resthave Home.

John Hauptman, Board President — 9-4-12 Date

Jerry Lindsey, Board Treasurer — 8/31/2012 Date

OFFICIAL SEAL
DEBRA L LETCHER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/14

Debra L Letcher
9-4-12

THE NATIONAL BANK

COMMITMENT LETTER NO. 2012-506

August 28, 2012

Tami Tegeler, Administrator
Resthave Home of Whiteside County
408 Maple Ave.
Morrison, IL 61270

Subject: Your Request for a Construction Loan for expansion and remodeling

Dear Administrator Tegeler:

THE National Bank, Morrison, IL is pleased to offer you this loan commitment per the following terms:

1. **BORROWER:** Resthave Home of Whiteside County -or- an entity acceptable to THE National Bank

2. **AMOUNT:** A maximum amount of $10,363,257.

3. **RATE:** **Construction Closed End Line of Credit:** Variable based on Wall Street Journal Prime (currently 3.25%) + .50% with a minimum interest rate floor of 3.75%.

   Permanent Term Financing: After the construction phase is completed, the rate will be based on the 10 year LIBOR Swap Rate plus 3%. As of August 17th, 2012 this rate would have equated to 4.86%. The actual rate will be determined as of the 1st day of the month prior to completion of the permanent financing loan. After the initial 10 year term, the rate will be based on the 5 year LIBOR Swap Rate plus 3.50%. A minimum interest rate floor of 4.50% will be in effect until final maturity.

4. **TERM:** **Construction Closed End Line of Credit:** 24 months.

   Permanent Term Financing: 10 years fixed based on a 40 year amortization. After the initial 10 year term, the loan will automatically reprice every 5 years based on the rate structure above until the loan is fully amortized.

5. **MONTHLY PAYMENT:** Payments of interest only monthly will be required during construction. At the end of construction, the loan will be repaid with monthly principal and interest payments amortized over the life of the loan as determined by the rate and term structure above.

6. **DOCUMENTATION & SECURITY:**

   a. A first real estate mortgage on all property to be included in the loan, with exact legal descriptions to be furnished by borrowers. In addition, an assignment of all leases, income, rents, and profits will be required.

   b. A first UCC blanket filing on all furniture, fixtures, equipment, inventory and accounts receivable now owned or hereafter acquired and accompanying

security agreement will be required.

c. Any other documentation deemed necessary by the Bank's attorney.

7. **APPRAISAL:** Subject to a satisfactory appraisal by a member of a real estate appraisal organization engaged by the Bank. This appraisal must be reviewed by a third party appraiser chosen by the Bank. This appraisal and subsequent review must be in an amount acceptable to the Bank and indicate that the loan does not exceed 90% loan to value ratio based on an "As Completed Value."

8. **BORROWING AUTHORIZATION:** The borrower is to furnish satisfactory evidence that the borrower is duly organized, in existence, and is in good standing and all documents required to meet the terms of this commitment have been duly authorized and submitted to the Bank. The Borrower(s) and Guarantor(s) shall not be the subject of any bankruptcy, reorganization, or insolvency proceedings, nor shall there be any material change in their financial status at the time the loan is made and there are no suits, actions or proceedings pending or to their knowledge threatened against them or any of their properties in any Court of any Federal, State, Municipal, or other governmental agency.

9. **LEGAL REQUIREMENTS:** Evidence satisfactory to the Bank shall be furnished certifying that the improvements and their intended use comply fully with all applicable zoning and building laws, ordinances and regulations, and all other Federal and State municipal laws and requirements. The loan shall be in all respects legal and shall not violate any applicable law or other requirements of any governmental authority.

10. **HAZARD INSURANCE:** The Bank is to be provided with an original hazard insurance policy covering the improvements securing this loan. Said policy is to be in an amount not less than the amount of the loan and to be in a form and with an insurance company satisfactory to the Bank with an acceptable loss payable mortgagee clause attached. In the event this loan covers construction of improvements in the property, a builder's risk policy will be required.

11. **GUARANTORS:** As a condition of this commitment, it is required that the USDA will provide a conditional commitment to provide a 90% guaranty prior to funding of the construction loan. In addition the USDA will provide a final 90% guaranty prior to closing on the term loan.

12. **SURVEY:** A final survey showing location of improvements on the lot may be required if reasonable doubt of locations arises as determined by the Bank.

13. PARTIAL RELEASE: Any request for partial release of any portion of the security property from the lien of the mortgage will be approved only upon payment of a sum for principal reduction in an amount specified by the Bank.

14. CONDO DOCUMENTS: Not applicable.

15. PLANS & SPECIFICATIONS: A full set of construction plans and specifications shall be provided (and be acceptable) to the Bank prior to closing of the loan and no change of any substance shall be made in the plans and specifications submitted without the written approval of the Bank.

16. COMPLETION AGREEMENT: Borrower will authorize Bank to make all construction progress disbursements directly to an entity who will guarantee completion of the building according to the original plans and specifications and for the agreed contract prices. All lien waivers from prior progress disbursements will be delivered to the Bank prior to the next progress disbursement. NOTE: Bank will require a satisfactory Completion Bond in an amount at least equal to the loan amount.

17. PROGRESS DISBURSEMENT: Disbursements of loan proceeds will be made: (a) upon request of borrower; (b) after inspection of security by the Bank; and (c) when all prior lien waivers have been delivered to the Bank, on the basis of a schedule acceptable to the Bank and the borrower.

18. BUILDING CONTRACT: An acceptable certified copy of the contract between the owners and the building contractors shall be provided (and be acceptable) to the Bank prior to loan closing, and no change of any substance shall be made to the contract without the written approval of the Bank. Said contract will show the total project cost excluding land.

19. ORIGINATION FEE: An origination fee in the amount of ½ % or $51,816 is due and payable to the Bank at the time of closing this loan.

20. FEES: All credit report fees, attorney fees, appraisal costs, EPA inspection report, recording fees and other fees incurred with the origination and maintenance of the loan will be the borrower's responsibility. This includes the USDA guarantee fee equal to 1% of the guaranteed portion of the loan amount.

21. TITLE OPINION: A title insurance policy from an attorney or title company acceptable to the Bank, based on abstract of title brought up to date to within twenty (20) days of closing will be provided to the Bank at least forty-eight (48) hours prior to the closing. No disbursements of the loan proceeds will be made until the Bank receives a title insurance policy or a final Certificate of Title that is satisfactory to the Bank.

22. EPA INSPECTION: Subject to an EPA inspection report acceptable to the bank. The EPA inspection will be performed by a firm approved by, and selected by, the bank.

23. FLOOD INSURANCE: If the property is determined to be located in a flood plain, the customer must obtain flood insurance with the Bank named as loss payee -- in an amount acceptable to the Bank.

24. FINANCIAL STATEMENTS: Audited financial statements or income tax statements for the borrowing entity will be delivered to the bank within 120 days of fiscal year-end. Internally prepared interim financial statements will be delivered to the bank within 30 days of each fiscal quarter end.

25. DEBT SERVICE: The borrower will maintain a debt service coverage ratio of 1.2 to 1. Minimum Debt Service Coverage Ratio is to be defined as the Borrower's (Net Income plus Depreciation Expense plus Amortization Expense plus Interest Expense minus Distributions to Owners or Shareholders) divided by Borrower's (Interest Expense plus Scheduled Principal Payments on Total Indebtedness). Testing of this requirement will be on a fiscal quarter basis beginning November 30, 2014.

26. PRE-PAYMENT PENALTY: A pre-payment penalty in an amount determined as follows:

a. On or before the first and second year anniversary date of the original note, 5% of the principal outstanding.
b. On or before the third and fourth year anniversary date of the original note, 4% of the principal outstanding.
c. On or before the fifth and sixth year anniversary date of the original note, 3% of the principal outstanding.
d. On or before the seventh and eighth year anniversary date of the original note, 2% of the principal outstanding.
e. On or before the ninth and tenth year anniversary date of the original note, 1% of the principal outstanding.
f. Subsequent to the initial 10 year term for every 5 year repricing term thereafter the prepayment penalty will be as follows:
    1) On or before the first year anniversary date of a 5 year pricing date, 5% of the principal outstanding.
    2) On or before the second year anniversary date of a 5 year pricing date, 4% of the principal outstanding.
    3) On or before the third year anniversary date of a 5 year pricing date, 3% of the principal outstanding.
    4) On or before the fourth year anniversary date of a 5 year pricing date, 2% of the principal outstanding.
    5) On or before the fifth year anniversary date of a 5 year pricing date, 1% of the principal outstanding.

27. ACCOUNTS: Borrower will be required to maintain all depository accounts at THE National

Bank during the term of this loan.

28. OTHER REQUIREMENTS: The borrower will provide any other documents deemed necessary by the Bank.

29. BANK COUNSEL: Borrower acknowledges that Bank utilizes Lane & Waterman LLP as its attorneys. Should Borrower also utilize Lane & Waterman LLP as its attorneys, Borrower hereby waives any real or perceived conflict of interest created by such representation. Borrower acknowledges that the Bank may, in its discretion, waive any conflict of interest resulting from the Borrower's use of Lane & Waterman LLP, or request that Borrower obtain other legal counsel. In the event of default on the loan, the Borrower acknowledges and agrees that Lane & Waterman LLP may be retained to act as Bank's counsel and Borrower agrees to retain other counsel not affiliated with Lane & Waterman LLP should it be necessary. Borrower hereby waives any claim or cause of action against Bank arising out of Bank's retention of Lane & Waterman.

If the foregoing reflects your understanding of the transaction, please acknowledge your acceptance by your signature and return the accepted copy to the Bank prior to September 21, 2012. Upon acceptance, our commitment to make the loan will become effective and remain in force provided the loan closes prior to November 23, 2012. This letter supersedes any prior commitment letters, correspondence, or conversations. Thank you for allowing us to be of service to you.

Sincerely,

THE National Bank

Bob Smith

Bob Smith
Vice President
815-772-2896

Accepted hereunder on this 30th day of August, 2012.

By John L. Hauptman
Name & Title: JOHN L. HAUPTMAN
PRESIDENT

By Jerry Lindsey
Name & Title: Jerry Lindsey
TREASURER