Constantino, Mike

From: John Kniery [JKniery@foleyandassociates.com]
Sent: Friday, March 01, 2013 3:47 PM
To: Constantino, Mike; Kendrick, Alexis
Cc: egrogg@mainstreetcap.net; Christopher J. Lukaart; Brian Levinson; sprizant@gutnicki.com
Subject: 12-083 Completion Report
Attachments: SCFA13030115410.pdf

Mike and Alexis: In accordance with our discussions, please find the corrected completion report attached. As the G702 was the only issue and now addressed, if I could impose on Mr. Constantino to walk the Board's approval of HFSRB project completion to Mr. Corpstein in Licensure so that the facility's nurses survey can be held. If you should have any questions or concerns, Please notify me immediately. Many thanks.

John P. Kniery

Health Care Consultant
Foley & Associates, Inc.
1638 So. MacArthur Boulevard
Springfield, Illinois 62704
217.544.1551 - Office
217.544.3615 - Facsimile
foley@foleyandassociates.com

jkniery@foleyandassociates.com

CONFIDENTIALITY NOTICE

This transmission and the attachments accompanying it contain confidential information belonging to the sender that is legally privileged. The information is intended only for the use of the individual or entity named above. The authorized recipient of this information is prohibited from disclosing this information to any other party and is required to destroy the information after its stated need has been fulfilled unless otherwise required by law. If you have received this transmission in error, please notify the sender immediately and destroy all copies of this message including any attachments. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or publication of this message, or the taking of any action based on it is strictly prohibited. The sender hereby reserves all legal rights it has in this message and all rights to take action to protect it or obtain damages for unauthorized disclosure copying, distribution, publication or use.

From: Administrator
Sent: Friday, March 01, 2013 2:42 PM
To: John Kniery
Subject: Message from KMBT_363

12-083

LEASE AGREEMENT

By and Between

OJCC Realty, LLC,

and

OJCC, LLC

February 1, 2013

3089 Old Jacksonville Road
Springfield, Sangamon County, Illinois

TABLE OF CONTENTS

Page

ARTICLE I - DEFINITIONS 1
ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY 2
ARTICLE III - TERM OF LEASE 2
ARTICLE IV - RENT 2
ARTICLE V - LATE CHARGES 3
ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS 3
ARTICLE VII - TAX AND INSURANCE DEPOSITS 5
ARTICLE VIII - OCCUPANCY 6
ARTICLE IX - INSURANCE 8
ARTICLE X - LESSOR'S RIGHT TO PERFORM 10
ARTICLE XI - REPAIRS, MAINTENANCE AND IMPROVEMENTS 10
ARTICLE XII - ALTERATIONS AND DEMOLITION 11
ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES 11
ARTICLE XIV - DISCHARGE OF LIENS 13
ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR 14
ARTICLE XVI - CONDEMNATION 14
ARTICLE XVII - RENT ABSOLUTE 15
ARTICLE XVIII - ASSIGNMENT AND SUBLETTING 15
ARTICLE XIX - EVENTS OF DEFAULT 15
ARTICLE XX - RIGHT TO CONTEST/CURE 17
ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT 18
ARTICLE XXII - LIABILITY OF LESSOR 20
ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR 20
ARTICLE XXIV - INTENTIONALLY OMITTED 20
ARTICLE XXV - INDEMNIFICATION 20
ARTICLE XXVI - SUBORDINATION PROVISIONS 21
ARTICLE XXVIII - MORTGAGE RESERVES 22
ARTICLE XXIX - LESSEE'S ATTORNMENT 22
ARTICLE XXX - REPRESENTATIONS 23
ARTICLE XXXI – PRIOR LIABILITIES 23
ARTICLE XXXII - LICENSURE PROVISIONS 24
ARTICLE XXXIII - FINANCIAL STATEMENTS 24
ARTICLE XXXIV - MISCELLANEOUS 24

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") made and entered into this 1st day of February, 2013, by and between OJCC Realty, LLC, an Illinois limited liability company (hereinafter referred to as "Lessor"), and OJCC, LLC, an Illinois limited liability company (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessor owns certain tracts of land which are improved with a 75 bed skilled nursing home facility, commonly known as Milwaukee Estates Living and Care Center, located at 3089 Old Jacksonville Road, Springfield, Sangamon County, Illinois as well as any other structures located thereon, all as more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter collectively referred to as the "Demised Premises");

WHEREAS, Lessor owns the furnishings, furniture, equipment and fixtures used in or about the Demised Premises (hereinafter collectively referred to as the "Personal Property"); and

WHEREAS, Lessor desires to lease the Demised Premises and Personal Property to Lessee and Lessee desires to lease the Demised Premises and Personal Property from Lessor.

NOW THEREFORE, in consideration of the above Recitals, which are incorporated herein by this reference, and of the mutual covenants, agreements and undertakings hereinafter set forth, it is agreed that the use and occupancy of the Demised Premises, and the use of the Personal Property shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

ARTICLE I- DEFINITIONS

1.1 The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meaning herein specified.

(a) "Facility" shall mean the that certain facility located at 3089 Old Jacksonville Road, Springfield, Sangamon County, Illinois, as well as any other structures located on the Demised Premises.

(b) "Mortgage" shall mean any mortgage any mortgages which encumber the Demised Premises.

(c) "Lender" shall mean the beneficiary under any Mortgage.

(d) All other terms shall be as defined in other sections of this Lease.

ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY

2.1 Lessor, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, its successors and assigns, to be paid, kept and performed, does hereby lease unto Lessee the Demised Premises together with the Personal Property to be used in and upon the Demised Premises for the term hereinafter specified, for use and operation therein and thereon of the Facility, in substantial compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of Illinois and such other governmental authorities having jurisdiction thereof.

ARTICLE III - TERM OF LEASE

3.1 The term of this Lease shall begin and be effective as set forth on the Commencement Date Rider, attached hereto as Exhibit B and made a part hereof (the "Commencement Date"), provided that Lessee shall have a license to operate the skilled nursing care facility located on the Demised Premises, and shall extend for a period of one (1) year (the "Initial Term"), unless sooner terminated or extended as provided herein.

3.2 Following the Initial Term, and any subsequent extenstion thereto, the term of this lease shall be automatically extended for an addtional term of one (1) year (the "Extension"), up to a total term of twenty (20) years from the Commencement Date. Notwithstanding the foregoing, either Lessee or Lessor may provide written notice prior to the expiration of the Initial Term, or any subsequent Extension, indicating that no further Extension shall occur, in which case this Lease shall terminate upon expiration of the term then in effect and shall not be further extended.

ARTICLE IV- RENT

4.1 From and after the date hereof, Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as fixed monthly base rental (the "Base Rent") for the Demised Premises and the Personal Property over and above all other and additional payments to be made by Lessee as provided in this Lease, an amount equal to Lessor's monthly debt service obligations.

All rental payments, together with all tax and insurance deposits provided for in this Lease, shall be paid in advance on the first day of each month. Unless otherwise notified in writing Lessor directs Lessee to deliver all rental payments payable to Lessor and shall be sent to OJCC Realty, LLC, c/o Platinum Health Care, LLC, 7444 Long Avenue, Skokie, Illinois 60077.

4.2 This Lease is and shall be deemed and construed to be a net-net lease and the Base Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Demised Premises which may arise or become due during the term of this Lease, except for any

principal and interest payments due with respect to any Mortgage. Lessee does hereby agree to indemnify, defend and hold harmless the Lessor against any and all such costs, expenses and obligations.

ARTICLE V - LATE CHARGES

If: (i) payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or (ii) payments made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue, then Lessor shall have the right to immediately provide notice regarding Lessee's failure to make such timely payment(s), and if Lessee does not make the required payment(s) within ten (10) days after receipt of such notice, a late charge of three percent (3%) per month on the sums so overdue shall become due and payable to Lessor and said late charges shall be payable on the first day of the month next succeeding the month during which Lessor gives notice of the incurrence of a late charge to Lessee. In the event Lessor fails to notify Lessee of such failure to make timely payment(s) within ninety (90) days after the date such payment(s) is due, Lessor shall be deemed to waive the payment of said late charge and any default as a result thereof. Lessee agrees that any such late charges shall not be deemed to be a penalty, but shall be deemed to be liquidated damages because of the impossibility of computing the actual amount of damages in advance. If nonpayment of any late charges shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of Rent. Except as provided in this paragraph, no failure by Lessor to insist upon the strict performance by Lessee of Lessee's obligations to pay late charges shall constitute a waiver by Lessor of its rights to enforce the provisions of this Article in any instance thereafter occurring, and nothing contained herein shall be deemed to be a waiver of or limitation on the right of Lessor from declaring an Event of Default, as defined herein, because of Lessee's failure to make any payment due hereunder when such payment was due.

ARTICLE VI- PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as Additional Rent (or, if monthly deposits are collected from Lessee pursuant to Section 7.1 hereof, Lessor or Lender, as the case may be, to the extent deposits are collected by Lessor or Lender pursuant to Section 7.1, will pay) before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the term of this Lease may have been, or may be, assessed, levied, confirmed, imposed upon or become due and payable out of or in respect of, or become a lien on the Demised Premises and/or Personal Property or any part thereof (hereinafter collectively referred to as "Taxes and Assessments").

6.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the term of this Lease and a part of which is included in a period of time before or after the term of this Lease, shall be adjusted pro rata between Lessor and Lessee as of

the commencement and termination of the Lease term and each party shall be responsible for its pro-rata share of any such Taxes and Assessments.

6.3 Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, or capital levy, franchise, estate, succession or inheritance taxes of Lessor or its beneficiary.

6.4 If permitted by the terms of the Mortgage, Lessee shall have the right to contest the amount or validity, in whole or in part, of any Taxes and Assessments by appropriate proceedings diligently conducted in good faith, but only after payment of such Taxes and Assessments, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer such payment only if:

(1) Neither the Demised Premises, nor any part thereof, would by reason of such postponement or deferment be in danger of being forfeited or lost; and

(2) Lessee shall have deposited with Lessor, to be held in trust, cash or securities in an amount (against which Lessee shall receive a credit equal to the amount pertaining to the period such Taxes and Assessments are being contested held by Lessor pursuant to the terms of paragraph 7.1 hereof) reasonably satisfactory to Lessor but in no event less than the amount required by the Lender, or if there is then no Mortgage encumbering the Premises, then one hundred twenty-five percent (125%) of the amount of such Taxes and Assessments, including the amount of any interest thereon and penalties in connection with the nonpayment thereof, which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to one hundred twenty-five percent (125%) of such Taxes and Assessments at any time actually due and payable, together with all interest, costs and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Demised Premises or any part thereof in such proceedings.

If held by Lessor, the cash so deposited shall be deposited by Lessor in an interest bearing account and the cash or securities so deposited shall be held by Lessor until the Demised Premises shall have been released and discharged and shall thereupon be returned to the Lessee, plus any accrued interest, less the amount of any loss, cost, damage and reasonable expense (including, without limitation, attorneys' fees and investment expenses) that Lender or Lessor may sustain in connection with the Taxes and Assessments so contested. In the event any Lender holds the sum required to be deposited by this Section 6.4, Lessor shall only pay Lessee interest if such Lender pays Lessor interest and such interest shall be paid to Lessee at the same interest rate and with the same deductions as paid to Lessor by such Lender.

6.5 Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together

with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor out of the amount deposited with respect to such Taxes and Assessments and accrued interest as aforesaid. In the event such amount is insufficient, then the balance due shall be promptly paid by Lessee.

6.6 Lessor shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify, defend and save harmless Lessor from any such costs and expenses, including, without limitation, reasonable attorneys' fees, as a result of such proceedings. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor but previously reimbursed in full by Lessee.

6.7 In the event that Lessor determines in its reasonable judgment that it is not being adequately represented by Lessee's counsel in any proceedings referred to in this Article, Lessor may upon ten (10) days' prior written notice to Lessee, obtain separate counsel to represent it in such action. In such event, the cost of such counsel shall be paid by Lessor. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in this Article and/or that Lessee is not pursuing any such contest with due diligence, Lessor may, upon ten (10) days' prior written notice to Lessee, if the Taxes and Assessments so contested by Lessee have not theretofore been paid, pay such Taxes and Assessments from the amounts deposited by Lessee pursuant to the terms of Paragraph 6.4 above.

6.8 If any income, profits or revenue tax shall be levied, assessed or imposed upon the income, profits or revenue arising from the Rent payable hereunder, partially or totally in lieu of or as a substitute for real estate taxes imposed upon the Demised Premises or Personal Property, then Lessee shall be responsible for the payment of such tax.

ARTICLE VII - TAX AND INSURANCE DEPOSITS

7.1 Lessee shall be required to make monthly deposits for real estate taxes and for insurance premiums (for the insurance obtained by Lessee pursuant to Article IX of this Lease) with Lessor, in an amount equal to one-twelfth (1/12) of the annual real estate taxes and annual insurance premiums or such greater amount as may be required by the Mortgage. Said deposits shall be due and payable on the first (1st) day of each month as Additional Rent. If held by Lessor, such amounts shall be deposited by Lessor in an interest bearing account with interest to be retained in such account for the benefit of Lessee. If such deposits are held by Lender, said deposits shall not bear interest, unless interest on the deposits is paid to Lessor by any Lender. The deposits shall be held by Lessor and/or any Lender to pay the real estate taxes and insurance premiums as they become due and payable. If the total of the monthly payments as made under this Article shall be insufficient to pay the real estate taxes and/or insurance premiums when due, then Lessee shall pay Lessor the amount necessary to make up the deficiency. In the event that

Lessee has paid all sums due under this Section 7.1 and Lessor shall fail to pay the real estate taxes and/or insurance premiums when due, Lessor shall be solely responsible for any late charges or loss which are a result of its failure to make timely payment hereunder. Not later than (5) days following its receipt thereof, Lessee shall provide to Lessor copies of any and all bills received by it for Taxes and Assessments and/or insurance premiums, to the extent the same are received by Lessee.

7.2 The foregoing to the contrary notwithstanding, in the event that Lessor is not required under the terms of the Mortgage to make deposits for Taxes and Assessments and/or insurance premiums, then, provided that Lessee shall pay such Taxes and Assessment and such insurance premiums before the same shall become due and provided further that Lessee shall otherwise comply with each and every term of this Lease, Lessee shall not be required to make the deposits required under Section 7.1. In the event that Lessee shall fail to make such payments prior to the respective due dates, then (a) Lessee shall be obligated to pay any late fees, penalties or other similar charges as a result of such late payment, and (b) Lessee shall subsequently be required to make such deposits as provided under Section 7.1 notwithstanding whether Lessor is required to make deposits with the Lender; provided, however, to the extent Lessor receives the bills for the Taxes and Assessments and/or the insurance premiums and does not provide copies of the same within a reasonable time prior to the respective due dates, and if such late payments were made by Lessee as a result of such delay of the Lessor in providing the copies of such bills, then clauses (a) and (b) of this Section 7.2 shall not apply. The parties hereby acknowledge that so long as Lessor shall provide copies of the bills for the Taxes and Assessments and/or the insurance premiums (to the extent the same are received by Lessor) to Lessee on or before thirty (30) days prior to the respective due dates, then Lessee shall be deemed to have a reasonable time to pay such bills before the same become due.

ARTICLE VIII- OCCUPANCY

8.1 During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a residential care or independent living unit facility, as well as any other structures located thereon, and for no other purpose. Subject to the terms of Article XX hereof, Lessee shall at all times maintain in good standing and full force a probationary or non-probationary license issued by the State of Illinois and any other governmental agencies permitting the operation on the Demised Premises of a residential care or independent living unit facility and shall use its best efforts to obtain a certificate to participate in the Illinois Medicaid Program as soon as practicable after the Commencement Date. Thereafter, subject to the terms of Article XX hereof, Lessee shall at all times maintain in good standing and full force a provider agreement pursuant to which the Facility shall be entitled to participate in the Illinois Medicaid Program and receive reimbursement for the services provided at the Facility.

8.2 Lessee will not suffer any act to be done or any condition to exist at the Facility which may be dangerous or which may, in law, constitute a public or private nuisance or which may void or make voidable any insurance then in force affecting the Facility.

8.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Demised Premises in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and with an unrestricted license issued by the State of Illinois and by any and all governmental agencies having jurisdiction over the Demised Premises, subject to any change in the number of beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes or the improvements on the Demised Premises. Except as otherwise specifically provided herein, no reduction in the number of beds shall entitle Lessee to any reduction or adjustment of the Rent payable hereunder, which shall be and continue to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of beds. Lessee shall, within five (5) business days following its receipt thereof, provide Lessor with a copy of any notice from the Illinois Department of Public Health or any federal, state or municipal governmental agency or authority regarding any reduction in the number of beds and Lessor shall have the right to contest, by appropriate legal or administrative proceedings, any such reduction.

8.4 During the term hereof, Lessee shall only use the Demised Premises in accordance with Environmental Laws (as hereinafter defined) and shall not use nor permit the Demised Premises to be used for the treatment, storage or disposal of any Hazardous Substances (as hereinafter defined) nor for any purpose involving the use of Hazardous Substances; provided, however, that Lessee may use in and store at the Facility such materials and substances as are customarily used in residential care facilities but only in such quantities as are reasonably necessary for the routine business operation of the Facility and such use and storage must in all cases comply with all applicable Environmental Laws. For purposes hereof "Hazardous Substances" shall mean any toxic or hazardous waste or pollutants, or substances, including, without limitation, asbestos, PCB'S, petroleum products and by products, substances defined or listed as: "Hazardous Substances" or "Toxic Substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. § 9601, et seq., "Hazardous Materials" in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., "Hazardous Waste" in The Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2061, et seq., any "Toxic Pollutant" under the Clean Water Act, 33 U.S.C. § 1251, et seq., as amended, any "Hazardous Air Pollutant" under the Clean Air Act, 42 U.S.C. § 7401, et seq., and any hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local Environmental Laws. "Environmental Laws" as used in this Lease means all federal, state and local environmental, health, or safety laws or regulations now or hereafter enacted applicable to the Demised Premises, including the Facility. Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against, and shall reimburse Lessor for any and all loss, claim, liability, damages, injunctive relief, injuries to persons, property or natural resources, cost, expense, action and causes of action in connection with the use, generation, treatment, storage, release or disposal of Hazardous Substances at or from the Demised Premises during the term of the Lease, which is caused by Lessee or its officers, directors, members, manager, agents, employees, contractors or invitees, including, without limitation, the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other required work to be performed, to the full extent that such

action is attributable, directly or indirectly, to the use, generation, treatment, storage, release or disposal of Hazardous Substances on the Demised Premises during the term hereof.

ARTICLE IX - INSURANCE

9.1 Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, which includes coverage for malicious mischief and vandalism both on the Demised Premises and the Personal Property on the Illinois standard form with a responsible company or companies designated by Lessee. Such insurance shall, at all times, be maintained in an amount equal to the full replacement value of the Demised Premises and Personal Property, but not less than that required by any Lender, but in any event in an amount sufficient to prevent Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Lessor and Lessee, as their interests may appear, and, if requested by Lessor, shall contain a loss-payable clause to Lender, as its interest may appear. Upon the reasonable request of Lessor, not more frequently than such time as required by Lessee's insurance carrier or the Lender, Lessee shall furnish, at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals in form and substance as are regularly and ordinarily made by insurance companies, in order to determine the then replacement value of the Demised Premises and Personal Property, and if such appraisal shows that the amount of casualty insurance maintained by Lessee hereunder is insufficient, the amount of insurance required by this Section 9.1 shall be adjusted accordingly.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease:

(a) A public liability policy naming Lessor, Lender and Lessee, as insured, and insuring them against claims for bodily injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance to afford protection to the limits reasonably established by Lessee in the operation of its business. Such public liability insurance may be self-insured by Lessee in accordance with its standard self insurance program.

(b) If there is a boiler, air conditioner or water heater located on the Demised Premises, boiler explosion insurance, in the amount of $500,000.00, under the terms of which Lessor, Lender and Lessee will be indemnified, as their interests may appear, against any loss or damage which may result from any accident or casualty in connection with any such equipment used in the Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises.

(c) Professional malpractice insurance in the amount reasonably established by Lessee in the operations of its business (provided, however, Lessee shall not be required to include independent contractors under its insurance coverage).

9.3 All policies of insurance shall provide:

(a) They are carried in favor of the Lessor, Lessee, and any Lender, as their respective interests may appear, and any loss shall be payable as therein provided, notwithstanding any act or negligence of Lessor or Lessee, which might otherwise result in forfeiture of insurance; and

(b) They shall not be canceled, terminated, reduced or materially modified without at least thirty (30) days' prior written notice to Lessor; and

(c) A standard mortgagee and loss payee clause in favor of any Lender, and shall contain, if obtainable, a waiver of the insurer's right of subrogation against funds paid under the standard mortgagee and loss payee endorsement which are to be used to pay the cost of any repairing, rebuilding, restoring or replacing.

9.4 Certificates of insurance policies required by this Article shall be delivered to Lessor prior to or on the Commencement Date. Upon receipt thereof, Lessee shall deliver the actual policies to Lessor, which certificates and policies shall be updated annually not less than twenty (20) days prior to the expiration date thereof.

9.5 Anything in this Lease to the contrary notwithstanding, Lessee hereby waives and releases Lessor from any and all rights of recovery, claim, action or cause of action, against Lessor, its shareholders, managers, members, partners, agents, officers and employees, for any loss or damage that may occur to the Demised Premises or the Personal Property, which should be covered by property insurance of the type required to be carried by Lessee under this Lease (with Lessee also being responsible and, waiving all claims against Lessor, as to all deductible amounts which the Lessee chooses to maintain under its property insurance policies and as to any damages or losses relating to risks which Lessee elects to self-insure hereunder), regardless of cause or origin, including negligence of Lessor and its shareholders, managers, members, partners, agents, officers and employees. Lessee agrees to give immediately to its insurance companies which have issued policies of insurance covering any risk of direct physical loss, written notice of the terms of the waivers contained in this Section 9.5, and to have the insurance policies properly endorsed with a waiver of subrogation endorsement running to the benefit of Lessor. Lessee acknowledges that the waivers and releases set forth in this Section 9.5 are intended to result in any loss or damage which is covered by insurance being borne by the insurance carrier of Lessee, or by Lessee if such loss is not covered by insurance and this Lease required Lessee to maintain insurance to cover such loss or if Lessee elects to self-insure if this Lease permits such party to self-insure such loss. Lessee agrees that such waivers and releases were freely bargained for and willingly and voluntarily agreed to by Lessee and do not constitute a violation of public policy.

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants (excluding, however, for purposes of this paragraph Lessee's covenant to pay rent) herein agreed to be performed, Lessor may, upon ten (10) days' prior notice specifying the work to be done, covenants to be performed and the approximate amount be expended, but shall not be required to, make such payment or perform such covenants, and all sums so expended by Lessor thereon shall upon notice of payment by Lessor be immediately payable by Lessee to Lessor, with interest thereon at Lessor's cost of borrowing funds plus one percent (1%) per annum, but not in excess of the maximum interest rate permitted by law from date expended until paid, and in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, including reasonable attorneys' fees. Any such costs or expenses incurred or payments made by the Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

10.2 Performance of and/or payment to discharge said Lessee's obligations shall be optional with Lessor and such performance and payment shall in no way constitute a waiver of, or a limitation upon, Lessor's other rights and remedies hereunder, including, without limitation, Lessor's right to declare an Event of Default for such failure.

ARTICLE XI - REPAIRS, MAINTENANCE AND IMPROVEMENTS

11.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (including the grounds, sidewalks and curbs abutting the same) and the Personal Property in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Commencement Date (ordinary wear and tear excepted), and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, replacing, repairing and restoring necessary to that end. All replacing, repairing and restoring required of Lessee shall be (in the reasonable opinion of Lessor) of comparable quality equal to the original work and shall be in compliance with all standards and requirements of law, licenses and municipal ordinances necessary to operate the Demised Premises as a residential care facility.

11.2 In the event that any part of the improvements located on the Demised Premises or the Personal Property shall be damaged or destroyed by fire or other casualty (any such event being called a "Casualty"), Lessee shall promptly replace, repair and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all the terms, covenants and conditions and other requirements of this Lease and any Mortgage applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored as to be of at least equal value and substantially the same character as on the Commencement Date. Lessee covenants that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of One Hundred Thousand Dollars ($100,000.00). If the estimated cost of any such restoring, replacing or

repairing is Two Hundred Fifty Thousand Dollars ($250,000.00) or more, the plans and specifications for same shall be first submitted to and approved by Lessor in writing, which approval shall not be unreasonably withheld or delayed, and Lessee shall select an independent architect or engineer approved by Lessor (which approval shall not be unreasonably withheld or delayed) who shall be in charge of such repairing, restoring or replacing. Provided that there is no uncured Event of Default by Lessee under the Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property which may have become obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises, provided Lessee promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, and the replacement personal property shall be of the same character, and at least equal usefulness and quality to any such Personal Property so removed or disposed of and such replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute and deliver such bills of sale or other documents reasonably requested by Lessor to vest ownership of such replacement personal property in Lessor.

ARTICLE XII - ALTERATIONS AND DEMOLITION

Lessee will not remove or demolish the Demised Premises or any portion thereof or allow it to be removed or demolished, without the prior written consent of the Lessor. Lessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Demised Premises, the cost of which in any twelve (12) month period exceeds One Hundred Thousand Dollars ($100,000.00), without first obtaining the Lessor's written consent thereto which will not be unreasonably withheld or delayed. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work and shall become the property of the Lessor and shall comply with all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances. Not less than forty-five days prior to the commencement of any such changes or alterations, the cost of which in any twelve (12) month period may exceed Two Hundred Fifty Thousand Dollars ($250,000.00), Lessee shall furnish to Lessor, at Lessee's sole cost and expense, plans and specifications, prepared by a licensed architect, for such changes or alterations and any additional insurance reasonably required by Lessor. Such plans and drawings shall include detailed architectural, mechanical, electrical and plumbing working drawings. The plans and drawings will be subject to Lessor's approval with respect to design, aesthetics, building code compliance and such other matters as Lessor deems relevant, which approval shall not unreasonably be withheld or delayed.

ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES

13.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Facility and the operation of the Facility as a residential care facility, which may be applicable to the Personal Property and the residential care facility located thereon and including, but not limited to, the sidewalks, alleyways, passageways, vacant

land, parking spaces, curb cuts, curbs adjoining such portion of the Demised Premises, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

13.2 Lessee shall likewise observe and comply with the requirements of all policies of public liability and fire insurance and all other policies of insurance at any time in force with respect to any portion of the Demised Premises.

13.3 Lessee shall, subject to the terms of Article XX hereof, keep in good standing and in full force and effect all necessary licenses, permits and certifications required by any governmental authority for the purpose of maintaining and operating on the Demised Premises a residential care or independent living unit facility. Lessee shall use its best efforts to obtain a certificate to participate in the Illinois Medicaid Program as soon as practicable after the Commencement Date. Thereafter, subject to the terms of Article XX hereof, Lessee shall at all times continue to be qualified to, and shall participate in, the Illinois Medicaid Program.

13.4 Upon request of Lessor, Lessee will deliver or mail to Lessor wherever Rent is then paid, within seven (7) calendar days of receipt thereof, copies of all exit interviews, inspection reports and surveys which may have an adverse affect on the Facility's licensure status and/or the Illinois Medicaid Program certification, and administrative hearing and/or court action from all state, federal and local governmental bodies regarding the Demised Premises or the Facility operated thereon. Without request, Lessee shall in all events notify a principal of Lessor, or if Lessor's principals are unavailable, Lessor's attorney, within seven (7) calendar days after receipt thereof by the licensee of the Facility ("Licensee") of any and/or all of the following notices ("Notices") from any Governmental Authority: (i) any and all Notices of intent to impose and/or Notice of "immediate jeopardy" and/or of "Substandard Quality of Care" (as defined by federal regulations, *i.e.*, deficiencies under 42 CFR 483.13 or 483.25 with scope and severity levels of F, G, H, I, J, K or L) or any state equivalent Notices; (ii) any and all Notices or receipts of a conditional license; (iii) any and all Notices of intent to and/or Notice of revocation, termination, cancellation, surrender and/or of non-renewal of any license; (iv) any and all Notices of conditional certification and/or intent to conditionally certify Licensee; (v) any and all Notices of intent to terminate and/or Notice of Licensee's termination of participation in the Illinois Medicaid Program; (vi) any and all Notices of intent to decertify and/or Notices of decertification of Licensee's participation in the Illinois Medicaid Program and/or the termination of any payments thereunder; (vii) any and all Notices of intent to impose and/or the imposition of any Civil Monetary Penalty, and/or any fine in excess of $25,000.00 in the aggregate for any survey cycle; (viii) any and all Notices of intent to cease payment after a certain date for any new Illinois Medicaid Program residents admitted after said date; (ix) any and all Notices of intent to place, and/or the placement of, a State Monitor in the Facility; and/or (x) any and all Notices to transfer and/or of intent to transfer any and/or all Indian Medicaid residents on and/or after a certain date.

ARTICLE XIV - DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof, Lessee will not create or permit to be created or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises or any part thereof or the income therefrom or the Personal Property, for work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee. Lessee shall have the right to purchase equipment, furniture, or furnishings which may be subject to a security agreement provided that the stockholders, partners or members, as applicable, of Lessee shall personally guarantee to Lessor that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and indemnify Lessor against all charges, costs and expenses that may be incurred by Lessor with respect to such security agreement or chattel mortgage. Lessee hereby agrees to obtain and deliver to Lessor such guaranty and indemnity agreement.

14.2 If any mechanic's, laborer's or materialman's lien caused or charged to Lessee shall at any time be filed against any portion of the Demised Premises or Personal Property, if allowed by the terms of the Mortgage, and the applicable Lender, Lessee shall have the right to contest such lien or charge, provided, Lessee within thirty (30) days after notice of the filing thereof, will cause the same to be discharged of record or in lieu thereof to secure Lessor against said lien by deposit with a court or title insurance company or bonding company of such security (not to exceed one hundred twenty five percent (125%) of the amount thereof plus any interest, cost and penalty thereon) as may be reasonably demanded by Lessor to protect against such lien. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, or to otherwise secure Lessor as aforesaid, then in addition to any other right or remedy, Lessor may, upon ten (10) days' prior notice, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by processing the discharge of such lien by deposit, title endorsement or by bonding proceedings. Any amount so paid by Lessor and all costs and expenses incurred by such party in connection therewith, together with interest thereon at the then current prime rate (as most recently published by the *Wall Street Journal*), shall constitute Additional Rent payable by Lessee under this Lease and shall be paid by Lessee to such party(ies) on demand. Except as herein provided, nothing contained herein shall in any way empower Lessee to do or suffer any act which can, may or shall cloud or encumber Lessor's or Lender's interest in the Demised Premises.

14.3 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by counsel for Lessee in any contest referred to in Section 14.2 hereof, such party may, upon (10) days prior written notice to Lessee, obtain separate counsel to represent it in such contest. In such event, the cost of such counsel shall be paid by Lessee. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in Section 14.2 above, and/ or that Lessee is not pursuing any such contest with due diligence, then such party may, upon (10) days' prior written notice to Lessee,

discharge such lien by paying the amount claimed to be due from the security deposited by Lessee pursuant to the terms of Section 14.2.

ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR

15.1 At any time, during reasonable business hours, Lessor and/or its authorized representatives shall have the right to enter and inspect the Demised Premises and Personal Property.

15.2 At any time, during reasonable business hours, Lessor and/or its authorized representatives shall have the right to inspect, and, at Lessor's expense, make copies of, the books and records relating to the Demised Premises, or any part thereof, including, without limitation, to the extent permitted by applicable law all patient records, employment records, surveys and inspections reasonably required by Lessor.

15.3 Lessor agrees that upon entering and inspecting the Demised Premises, Personal Property and books and records Lessor shall take all reasonable measures to avoid disruption to Lessee's routine business operation during any such entries and the person or persons will cause as little inconvenience to the Lessee, its employees and residents of the Demised Premises as may reasonably be possible under the circumstances.

ARTICLE XVI - CONDEMNATION

16.1 If all of the Demised Premises is taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, this Lease shall terminate as of the date possession is taken by the condemnor.

16.2 If less than all of the Demised Premises are taken by the exercise of the power of eminent domain or sold under eminent domain proceedings and Lessee reasonably believes that, in light of such exercise of eminent domain or sale pursuant to eminent domain proceedings, it can no longer operate the Facility in materially the same manner as prior to the exercise of eminent domain and such belief is consistent with reasonable business practices, then Lessee may either (a) terminate the Lease or, (b) subject to the consent and approval of Lessor and any Lender, shall, with reasonable diligence, restore or rebuild to the extent reasonably practicable any improvements upon the Demised Premises affected by the taking. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises Lessee shall contribute the amount of any such deficiency. In the event that the number of beds is reduced or increased, even after the Demised Premises are restored under this Section, the Base Rent provided herein shall be proportionately increased (but only with respect to this paragraph) or decreased, as applicable, proportionately based upon the amount of such reduction or increase.

16.3 In the event that all or less than all of the Demised Premises are taken or so sold, and this Lease shall terminate as provided herein, then Lessor shall be entitled to the entire award for the real estate, improvements, fixtures and personal property relating thereto.

ARTICLE XVII - RENT ABSOLUTE

17.1 Except as herein provided damage to or destruction of any portion of the buildings, structures and fixtures upon the Demised Premises, by fire, the elements or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the Demised Premises or entitle Lessee to any abatement of or reduction in the Rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the term of the Lease, Lessee shall not assign this Lease or in any manner whatsoever sublet, assign, encumber or transfer all or any part of the Demised Premises or in any manner whatsoever transfer, assign or encumber any interest in the Demised Premises or any interest in this Lease (hereinafter collectively an "Assignment") without the prior written consent of the Lessor, which consent may be withheld, in such party's sole discretion. As a condition of granting its consent to any sublease or assignment, Lessee shall pay, and Lessee hereby agrees to pay, any and all reasonable out of pocket third-party costs and expenses of Lessor incurred in connection with such sublease or assignment, including, without limitation, all due diligence costs and attorneys' fees.

18.2 For purposes of this Article:

(1) Any person, corporation, limited liability company or other entity to whom Lessee's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article, and except as otherwise specifically provided above, obtain the consent of Lessor to any subsequent sublease, assignment, encumbrance and/or transfer or such event shall be deemed an Event of Default hereunder.

(2) An agreement by any person, corporation or other entity, directly or indirectly, to assume Lessee's obligations under this Lease shall be deemed an assignment.

ARTICLE XIX - EVENTS OF DEFAULT

19.1 The occurrence of any of the following acts or events shall be deemed to be a default ("Events of Default") on the part of the Lessee:

(1) The failure of Lessee to pay when due any Rent payment, or any part thereof, or any other sum or sums of money due or payable to the Lessor under the provisions of this Lease when such failure shall continue for a period of ten (10) calendar days after written notice from Lessor to Lessee;

(2) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions or provisions of this Lease, if such failure or violation shall not be cured within thirty (30) days after written notice thereof by Lessor to Lessee;

(3) The failure of Lessee to comply with, or the violation by Lessee of, any of the terms, conditions or provisions of any Mortgage relating to the Demised Premises (except for those terms, conditions or provisions requiring the making of principal and/or interest payments or which relate specifically to Lessor, and/or its beneficiaries or stockholders), if such failure or violation shall not be cured within twenty (20) days (or such lesser period as may be provided in the Mortgage) after notice thereof by Lessor to Lessee;

(4) In the event Lessee removes a substantial portion of the Personal Property at the Facility or Lessee removes Personal Property necessary to the operation of the Facility, the failure of Lessee to replace within thirty (30) days after written notice by Lessor to Lessee, the Personal Property so removed by Lessee subject to the provisions of Section 30.1(c) hereof;

(5) The making by Lessee of an assignment for the benefit of creditors;

(6) The levying of a writ of execution or attachment on or against the property of Lessee which is not discharged or stayed by action of Lessee contesting same, within thirty (30) days after such levy or attachment (provided if the stay is vacated or ended, this paragraph shall again apply);

(7) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, and said proceedings are not dismissed and any receiver, trustee or liquidator appointed therein discharged within sixty (60) days after the institution of said proceedings;

(8) The sale of the interest of Lessee in the Demised Premises under execution or other legal process;

(9) Any conveyance or transfer in violation of Article XVIII hereof;

(10) The abandonment of the Demised Premises by Lessee;

(11) Subject to Lessee's right to contest as provided in Article XX hereof, the failure or the part of Lessee during the term of this Lease to cure or abate any written violation claimed by any governmental authority, of any law, order, ordinance, rule or regulation pertaining to the operation of the Facility within the time permitted for such cure and/or abatement;

(12) Subject to Lessee's right to contest as provided in Article XX hereof, the institution of any proceedings against Lessee by any governmental authority either to: (i) revoke any license granted to Lessee for the operation of the Facility as a residential care facility or requiring Lessee to cease operating its business; or (ii) decertify the Facility from participation in the Illinois Medicaid Program; or

(13) The failure of Lessee to comply with the terms of any insurance policy affecting the Demised Premises and required hereunder within the time provided in such policy to cure such non-compliance prior to cancellation thereof; provided, however, that Lessee shall not be in default hereunder if prior to the cancellation of such policy of insurance Lessee obtains a replacement thereof.

The occurrence of any of the events listed in this Article 19 by any party to whom the Demised Premises has been transferred shall be an Event of Default hereunder.

ARTICLE XX - RIGHT TO CONTEST/CURE

20.1 Anything to the contrary stated herein notwithstanding, Lessee shall have the right to contest by appropriate administrative and/or legal proceedings, diligently conducted in good faith, the validity or application of any law, ordinance, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings, including, without limitation, any proceeding pursuant to paragraphs 19.1(11) and/or 19.1(12) above. In the event such contest involves a violation, the decertification or license revocation from the Illinois Mediciad Program shall give Lessor written notice of its election to contest. Notwithstanding anything to the contrary contained herein, Lessee shall not be in default hereunder provided that: (1) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises; (ii) there continues during the course of such contest authority to continue operations of the Facility as a residential care facility (which may be temporary or provisional); and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.2 Except for an Event of Default of Lessee in the payment of Rent or any other payment required hereunder, in any case where Lessor shall have given to Lessee a written notice specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and, if for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation within such period, then, provided Lessee, immediately upon receipt of such notice, shall advise Lessor in writing of Lessee's intention to institute, and shall, as soon as reasonably possible thereafter, duly institute, and thereafter diligently prosecute to completion, all steps necessary to remedy such situation and shall remedy the same, during the period necessary to remedy such situation, notwithstanding anything to the contrary contained herein, although such situation shall be deemed an Event of Default hereunder, Lessor shall not pursue and shall not be entitled to pursue any remedies arising solely from the occurrence of such Event of Default hereunder, provided, however, that: (i) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of all or any part of the Demised Premises; and (ii) there continues during such remedy authority to continue to operate the Facility as a residential care facility (which may be temporary or provisional), and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.3 Lessee shall promptly provide Lessor with a copy of any notice from the Illinois Department of Public Health or other governmental authority or agency threatening or requesting a reduction in the number of beds at the Facility. Lessee shall have the right to contest any such reduction and shall notify Lessor within fifteen (15) days following the date of such notice (or shorter period required to provide notice to Lessor not later than ten (10) days prior to the cutoff date for any such contest) whether or not Lessee shall undertake such contest. If Lessee fails to contest any such reduction, Lessor may, following written notice to Lessee of its intent to do so, contest any such reduction. Any such contest shall be conducted by counsel reasonably satisfactory to the other party and the cost of such contest shall be paid by Lessee.

ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT

21.1 In the event of any Event of Default by Lessee, Lessor may, if it so elects, and with notice of such election to Lessee, and upon demand upon Lessee, forthwith terminate this Lease and Lessee's right to possession of the Demised Premises, or, at the option of the Lessor, terminate Lessee's right to possession of the Demised Premises without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Lessee's right to possession without termination of this Lease, Lessee shall vacate the Demised Premises immediately, and shall quietly and peaceably deliver possession thereof to the Lessor, and Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises in such event with process of law and to repossess the Demised Premises and Personal Property as the Lessor's former estate. In the event of any such termination of this Lease, the Lessor shall again have possession and enjoyment of the Demised Premises and Personal Property to the extent as if this Lease had not been made, and thereupon this Lease and everything herein contained on the part of Lessee to be done and performed shall cease and terminate, all, however, without prejudice to and without relinquishing the rights of the Lessor to Rent (which, upon such termination of this Lease and entry of Lessor upon the Demised Premises, shall, in any event, be the right to receive Rent due up to the time of such entry) or any other right given to the Lessor hereunder or by operation of law.

21.2 In the event of an Event of Default and Lessor elects either to terminate this Lease or to terminate Lessee's right to possession of the Demised Premises, then all licenses, certifications, permits and authorizations issued by any governmental agency, body or authority in connection with or relating to the Demised Premises and the Facility thereon shall be deemed as being assigned to Lessor to the extent the same are legally assignable. Lessor shall also have the right to continue to utilize the telephone number and name used by Lessee in connection with the operation of the Facility. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (i) all licenses, certifications, permits and authorizations obtained in connection with the operation of the Facility and (ii) the names and telephone numbers used in connection with the operation of the Facility. Lessee hereby agrees to take such other action and execute such other documents as may be reasonably necessary in order to vest in Lessor all right, title and interest to the items specified herein.

21.3 If Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and the Lessor elects to terminate Lessee's right to possession only, without terminating this Lease, Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing Section 21.1 of this Article provided, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the Rent hereunder for the full remaining term of this Lease, and in any such case, Lessee shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder and required to be paid by Lessee up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Lessor may attempt to relet the Demised Premises or any part thereof for the account of Lessee for such rent, or may operate the Facility for such time and upon such terms as Lessor in its sole discretion shall determine. In the event Lessor elects to take possession and operate the Demised Premises any profits due to such operation shall reduce the rents payable hereunder. In any such case, Lessor may make repairs, alterations and additions in or to the Demised Premises, to the extent reasonably deemed by Lessor desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting. If the consideration collected by Lessor upon any such reletting is not sufficient to pay monthly the full amount of Rent reserved in this Lease, together with the costs of repairs, alterations and additions and Lessor's expenses, Lessee shall pay to the Lessor the amount of each monthly deficiency upon demand.

21.4 Lessee's liability to Lessor for damages upon the occurrence of an Event of Default shall in all events survive the termination by Lessor of the Lease or the termination by Lessor of Lessee's right to possession only, as hereinabove provided. Upon such termination of the Lease or at any time after such termination of Lessee's right to possession, Lessor may recover from Lessee and Lessee shall pay to Lessor as liquidated and final damages, whether or not Lessor shall have collected any current monthly deficiencies under the foregoing paragraph, and in lieu of such current deficiencies after the date of demand for such final damages, the amount thereof found to be due by a court of competent jurisdiction, which amount thus found shall be equal to:

(a) the remainder, if any, of Rent and charges due from Lessee for the period up to and including the date of the termination of the Lease or Lessee's right to possession; plus

(b) the amount of any current monthly deficiencies accruing and unpaid by Lessee up to and including the date of Lessor's demand for final damages hereunder; plus

(c) the excess, if any, of

(i) the Rent reserved for what would have been the remainder of the term of this Lease together with charges to be paid by Lessee under the Lease; over

(ii) the then fair rental value of the Demised Premises and the Personal Property.

If any statute or rule governing a proceeding in which such liquidated final damages are to be proved shall validly limit the amount thereof to an amount less than the amount above agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

21.5 No receipt of funds by Lessor from Lessee after service of any notice of an Event of Default, termination of this Lease or of possession of the Demised Premises or after commencement of any suit or proceeding of Lessee shall in any way reinstate, continue or extend this Lease or in any way affect the notice of the Event of Default or demand or in any way be deemed a waiver by Lessor of any of its rights unless consented to in writing by Lessor.

ARTICLE XXII - LIABILITY OF LESSOR

It is expressly agreed by the parties that in no case shall Lessor be liable, under any express or implied covenant, agreement or provisions of this Lease, for any damages whatsoever to Lessee beyond the Rent reserved in this Lease accruing after or upon any act or breach hereunder on the part of Lessor and for which damages may be sought or recovered from Lessor, and there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers or employees of beneficiary of Lessor with respect to the terms, covenants, conditions or undertakings or agreements contained in this Lease, and Lessee shall look solely to Lessor's interest in this Lease and not to any of the foregoing for the satisfaction of any remedy which Lessee may have under this Lease.

ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR

Except as provided in Section 21.4, the specific remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by Lessee of any provision or provisions of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, provisions, agreement or option.

ARTICLE XXIV - INTENTIONALLY OMITTED

ARTICLE XXV - INDEMNIFICATION

25.1 Lessee agrees to protect, indemnify and save harmless the Lessor from and against any and all claims, demands and causes of action of any nature whatsoever asserted against or incurred by such parties on account of: (i) any failure on the part of Lessee during the term of this Lease to perform or comply with any of the terms of this Lease; or (ii) injury to or death of persons or loss of or damage to property, occurring on the Demised Premises or any adjoining sidewalks, streets or ways or in any manner growing out of or connected with the use or occupation of the Demised Premises or the condition thereof, or the use of any existing or

future sewer system, or the use of any adjoining sidewalks, streets or ways occurring during the term of this Lease. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by such parties of any such claims, demands or causes of action.

ARTICLE XXVI - SUBORDINATION PROVISIONS

26.1 This Lease (and Lessee's interest in the Demised Premises and Personal Property) shall be subject and subordinate to any Mortgage given by Lessor to any lender which may affect the Demised Premises and/or Personal Property, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee shall execute and deliver such documents as may be required in order to evidence such subordination; provided that such documents shall not affect any of the provisions of this Lease relating to the amount of Rent, the purposes for which the Demised Premises may be used, the size and/or location of the Demised Premises, the duration and/or Commencement Date of the term, nor modify any representations, covenants or warranties made by Lessor hereunder.

26.2 Notwithstanding anything to the contrary contained herein, it is understood, agreed and acknowledged that Lessor shall have the right at any time to finance, or refinance, from time to time, the Demised Premises and Personal Property in any amount, and grant a mortgage, deed of trust and/or security interest thereon, to assign or pledge any or all of its interest in this Lease, and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party without the consent of Lessee, if: (i) Lessor obtains a customary form of subordination, non-disturbance and attornment agreement ("SDNA") from such Lender, reasonably satisfactory to Lessee.

ARTICLE XXVII - LESSEE'S FAITHFUL COMPLIANCE WITH MORTGAGE

Anything in this Lease contained to the contrary notwithstanding, and provided that Lessor has complied with Section 26.2, Lessee shall at all times and in all respects fully, timely and faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of the Lessor under any Mortgage (and to any renewals, modifications, extensions, replacements and/or consolidations thereof) to which this Lease is subordinate or to which it later may become subordinate, including, without limitation, such conditions, covenants and provisions thereof as relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in excess of that required by the provisions of this Lease, or may require performance not required by the provisions of this Lease; provided, however, except to the extent that reserves or escrows are required under the Mortgage for the payment of Taxes and Assessments and for insurance, Lessee shall not be required to make payments on account of any reserves or escrows, including without limitation any construction, replacement or repayment reserve or escrow required by any new Lender. If any new Lender requires compliance, observance or performance to a standard or degree in excess of that required by the terms of this Lease, Lessee shall comply with such standard, degree or additional performance; provided, however, that the amount by which the

third party costs expended by Lessee to achieve such standard, degree or additional performance exceed the third party costs to achieve the standard of performance required by this Lease shall be paid by Lessor. Lessee further agrees that it shall not do or permit to be done anything which would constitute a breach of or default under any obligation of the Lessor under any Mortgage, it being the intention hereof that Lessee shall so comply with and observe each and all of such covenants, conditions and provisions of any Mortgage so that they will at all times be in good standing and there will not be any default on the part of the Lessor thereunder. However, nothing in this Article contained shall be construed to obligate Lessee to pay any part of the principal or interest secured by any Mortgage, except as may otherwise be provided in this Lease.

ARTICLE XXVIII - MORTGAGE RESERVES

Any tax or insurance reserve required under any Mortgage by the Lender thereof during the term of this Lease shall be paid by the Lessee to Lessor and shall be repaid to Lessee when Lender repays such sums to Lessor.

ARTICLE XXIX - LESSEE'S ATTORNMENT

29.1 Lessee covenants and agrees that, if by reason of a default upon the part of the Lessor in the performance of any of the terms and conditions of any Mortgage, and the Lender forecloses on the estate of Lessor in the Demised Premises, Lessee will attorn to the then holder of such Mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize such holder of the Mortgage or such purchaser as the Lessor under this Lease. Lessee covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Lessor, or of the holder of such Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. Lessee further waives the provisions of any statute or rule or law now or hereafter in effect which may terminate this Lease or give or purport to give Lessee any right of election to terminate this Lease or to surrender possession of the Demised Premises in the event any such proceedings are brought against the Lessor under such Mortgage or the holder of any such Mortgage, and agrees that this Lease shall not be affected in any way whatsoever by any such proceedings, except to the extent designated and determined by Lender pursuant to the terms of the Lease, the SNDA, Mortgage or any of the other loan documents.

29.2 If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under any Mortgage, or fails to pay the amounts due thereunder when due, then, upon notice of such default or failure on the part of Lessor, Lessee shall have the right, upon five (5) days' prior written notice thereof to Lessor (or such shorter period as permitted under any Mortgage), to cure such defaults, and to make such payments as are due from Lessor, directly to the holder of any Mortgage, as the case may be, and to the extent such payments are accepted by the holder of such Mortgage, to deduct the amounts expended by Lessee to cure such defaults from the next succeeding Rent payment or payments due under this Lease, and such deductions shall not constitute an Event of Default under this Lease. Lessor shall promptly

provide Lessee with copies of any notice of default received by Lessor with respect to any Mortgage.

ARTICLE XXX - REPRESENTATIONS

30.1 Lessee represents and covenants to Lessor as follows:

(a) Lessee is an Delaware limited liability company, duly organized and validly existing in good standing under the laws of the State of Delaware, and has full right and power to cause Lessee to enter into, and perform its obligations under this Lease and has taken all requisite actions to authorize the execution, delivery and performance of this Lease;

(b) Lessee has examined the Demised Premises, Personal Property, contracts relating to the Facility and/or to the Demised Premises and the improvements and the residential care facility thereon prior to its acceptance and execution of this Lease, and Lessee acknowledges that except as expressly stated herein no representation or warranty, express or implied, has been made by or on behalf of Lessor with respect to the condition of the Demised Premises and Personal Property. Lessee represents that it is satisfied with the condition thereof and is leasing the Demised Premises, improvements and Personal Property in "AS IS"/"WHERE IS" condition, and Lessor shall in no event whatsoever be liable for any latent or patent defects therein;

(c) In addition to all other covenants contained herein, Lessee expressly covenants that it shall keep and maintain at the Facility at all times in good order and repair all items of Personal Property necessary for operating the Facility as a residential care or independent living unit facility in substantial compliance with all laws, rules and regulations of the Illinois Department of Public Health. Lessee shall maintain all of such items in good order and repair and shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items substantially equivalent to that which has been replaced;

(d) Until Lessee shall have fully satisfied all of its obligations under this Lease, Lessee shall maintain its organizational existence as a limited liability company, and shall not, without the prior written consent of Lessor, dissolve, liquidate or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it;

(e) Intentionally Omitted.

ARTICLE XXXI – PRIOR LIABILITIES

31.1 Lessee acknowledges that Lessor shall have no liability to Lessee with respect to the operations of the Facility for the periods prior to the Commencement Date relating to accounts receivable, accounts payable, prorations, inventory, patient trust funds and employee benefits.

31.2 Lessor shall not be liable for amounts claimed by any governmental authority or agency to have been overpayments made to the prior operator of the Facility with respect to periods prior to the Commencement Date.

ARTICLE XXXII - LICENSURE PROVISIONS

32.1 It shall be a condition precedent to the effectiveness of this Lease that Lessee has a license permitting Lessee to operate the Facility as a residential care facility (hereinafter collectively called the "License").

ARTICLE XXXIII - FINANCIAL STATEMENTS

33.1 Lessee shall furnish to the Lender such financial statements and tax returns which shall be certified by an officer of Lessee or a public accountant to the extent required under the Mortgage.

33.2 At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises and records and books of account of the entire business operations of Lessee in accordance with normal accounting practices consistently applied. Upon request by Lessor, from time to time, but not more than one (1) time a year, and such additional inspections which are required by any Lender, Lessee shall make available for inspection by Lessor or its designee, during reasonable business hours, at Lessee's offices, the said records and books of account covering the entire business operations of Lessee on the Demised Premises.

ARTICLE XXXIV - MISCELLANEOUS

34.1 Lessee, upon paying the Rent and all other charges herein provided, and for observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises during the term of this Lease, and subject to its terms, without hindrance by Lessor or by any other person or persons claiming under Lessor.

34.2 All payments to be made by the Lessee hereunder in addition to Base Rent, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of payment when due, the Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent. Base Rent and Additional Rent are sometimes referred to collectively herein as "Rent".

34.3 It is understood and agreed that the granting of any consent by Lessor to Lessee to perform any act of Lessee requiring Lessor's consent under the terms of this Lease, or the failure on the part of Lessor to object to any such action taken by Lessee without Lessor's consent, shall not be deemed a waiver by Lessor of its rights to require such consent for any further similar act by Lessee, and Lessee hereby expressly covenants and warrants that as to all matters requiring Lessor's consent under the terms of this Lease, Lessee shall secure such consent for each and

every happening of the event requiring such consent, and shall not claim any waiver on the part of Lessor of the requirement to secure such consent.

34.4 Each of Lessor and Lessee represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease. Lessor and Lessee each covenant and agree to indemnify and hold harmless the other from and against any and all costs, expenses, liabilities, claims, demands, suits, judgments and interest, including, without being limited to, reasonable attorneys' fees and disbursements, arising out of or in connection with any claim by any broker or agent with respect to this Lease, the negotiation of this Lease or the transactions contemplated herein based upon the acts of the indemnifying party.

34.5 If an action shall be brought to recover any Rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants or conditions of this Lease, or for the recovery of possession of the Demised Premises, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

34.6 Should Lessee hold possession hereunder after the expiration of the term of this Lease with or without the consent of Lessor, Lessee shall become a tenant on a month-to-month basis upon all the terms, covenants and conditions herein specified, excepting however that Lessee shall pay Lessor a monthly rental, for the period of such month-to-month tenancy, in an amount equal to 150% the last Rent specified.

34.7 All notices, demands or requests which may or are required to be given by either party to the other shall be in writing and shall be sent by (i) personal delivery; (ii) Federal Express or other national overnight courier service; or (iii) United States certified mail, return receipt requested, addressed to the other party hereto at the last known address of such party. Notices shall be effective upon receipt or refusal thereof.

34.8 Upon request of either party, Lessor and Lessee agree to execute and deliver a short form lease and option in recordable form so that the same may be recorded by either party.

34.9 Each party agrees at any time, and from time to time, upon not less than ten (10) days' prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Rent has been paid, the amount of the Additional Rent held by Lessor, and whether to the best knowledge of such party an Event of Default has occurred or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute an Event of Default hereunder, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective assignee, lender or purchaser of the fee interest in the Demised Premises or of this Lease.

34.10 All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

34.11 Any reference herein to the termination of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

34.12 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

34.13 This Lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.

34.14 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective successors and assigns.

34.15 All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require.

34.16 If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

34.17 Notwithstanding anything to the contrary contained herein, and except as otherwise provided in this Lease, there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers, employees or trustees of Lessee, with respect to the terms, covenants, conditions, undertakings or agreements contained in this Lease and Lessor shall look solely to Lessee, and not to any such partners, shareholders, members, directors, officers, employees or trustees of Lessee for the satisfaction of each and every remedy which Lessor may have hereunder.

34.18 It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein and in the Lease made on the part of Lessor while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Lessor are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by Lessor or for the purpose or with the intention of binding Lessor personally, but are made and intended for the purpose only of subjecting Lessor's interest in the Demised Premises to the terms of the Lease,

and for no other purpose whatsoever and in case of default hereunder by Lessor (or default through, under or by any of its beneficiaries, or agents or representatives of said beneficiaries), Lessee shall look solely to the interests of Lessor in the Demised Premises; that, if Lessor is a land trust, the Lease is executed and delivered by Lessor not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; that neither the Lessor nor any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents shall have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, and no liability or duty shall rest upon Lessor to sequester the Demised Premises (or the trust estate) or the rents, issues and profits arising therefrom, or the proceeds arising from any sale or other disposition thereof; and that no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against said Lessor or any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents, on account of the Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor contained in the Lease, either express or implied, all such personal liability, if any, being expressly waived and released by Lessee and by all persons claiming by, through or under Lessee.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD

OJCC REALTY, LLC

By: _____
Name: Benjamin Klein
Its: Authorized Manager

TENANT

OJCC, LLC

By: _____
Name: Benjamin Klein
Its: Authorized Manager

EXHIBIT A

LEGAL DESCRIPTION

The West Five (5) acres of the East Ten (10) acres of the South Quarter of the East Half of the Southeast Quarter of Section 36, Township 16 North, Range 6 West of the Third Principal Meridian, Sangamon County, Illinois.

Except the coal and other minerals underlying the surface of said land and all rights and easements in favor of the estate of said coal and minerals.

EXHIBIT B

COMMENCEMENT DATE RIDER

This Commencement Date Rider is entered into as of _____, 2013 between OJCC Realty, LLC ("Lessor") and OJCC, LLC ("Lessee").

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement (the "Lease") dated February 1, 2013, pursuant to which Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the Property described therein; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the definitions ascribed to them in the Lease;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

Lease Term. Lessor and Lessee agree that the term of the Lease shall commence on _____, 201__ (the "Commencement Date"), and terminate on the one (1) year anniversary of the Commencement Date, unless sooner terminated as provided therein.

IN WITNESS WHEREOF, the parties have caused this Commencement Date Rider to be executed as of the date first set forth above.

LESSOR:

OJCC REALTY, LLC

By: _____
Name: Benjamin M. Klein
Its: Manager

LESSEE:

OJCC, LLC

By: _____
Name: Benjamin M. Klein
Its: Manager