

Family of Caring at Park Ridge LLC
120 Noyes Drive
Park Ridge, New Jersey 07656

APPLICATION SUMMARY FOR PUBLICATION

Date application filed: July 12, 2022

Current Name of facility: Atrium Post Acute Care of Park Ridge

License number: 62219

Address: 120 Noyes Drive, Park Ridge, New Jersey 07656

County: Bergen County

Project Description: This application involves the Transfer of Ownership of the building and operations of Atrium Post Acute Care of Park Ridge, currently owned by KBWB Operations-Atrium LLC, to Family of Caring at Park Ridge LLC. The new owner will operate the facility through a lease agreement.

Licensed capacity: 210 long term care beds

Current Licensed Owner: KBWB Operations-Atrium LLC

Proposed Licensed Owner: Family of Caring at Park Ridge LLC (see attached Org Chart)

Proposed Name of Facility: **Family of Caring at Park Ridge**

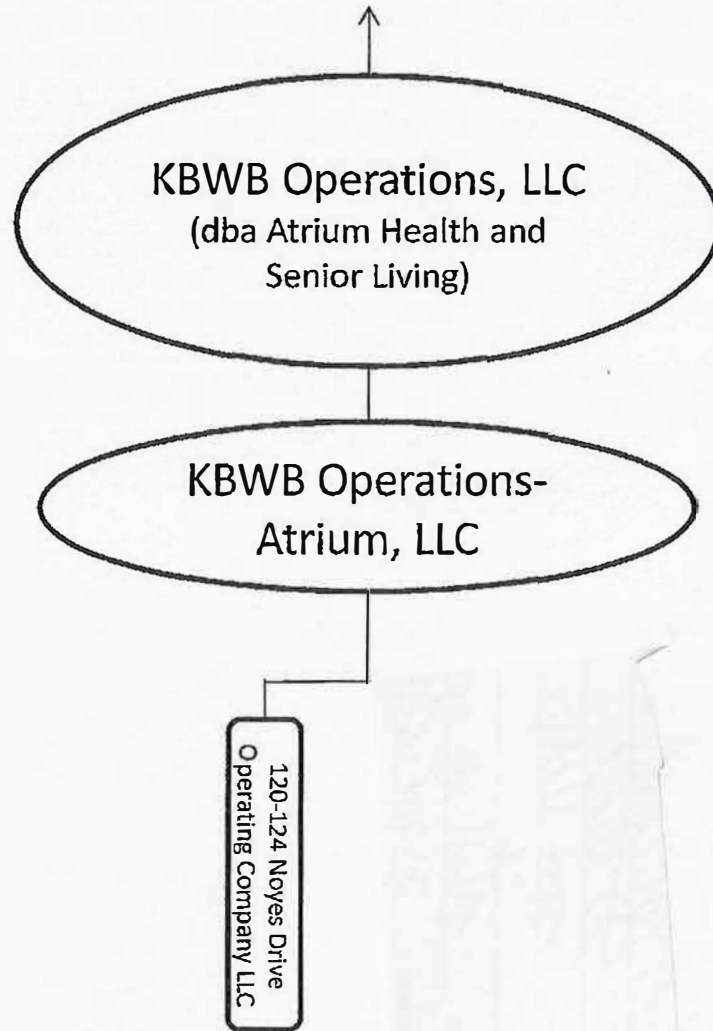
Proposed Management Company There will be no post-closing management company

Ownership of Management Company: n/a

Owner of Real Estate: Park Ridge NJ Property LLC

All medical records will continue to be stored securely at the facility at 120 Noyes Drive, Park Ridge, NJ 07656. The contact person is Margo Kalem: email: mkalem@springhills.com and telephone (201)505-1777 extension 4186.

Current Ownership KBWB Operations-Atrium LLC



POST-CLOSING OWNERSHIP

Tenant

Park Ridge Operation SNF	
FAMILY OF CARING AT PARK RIDGE LLC	
Tenant	
Nathan Friedman	26.00%
Jerry Friedman	29.00%
Mark Friedman	4.00%
Edward Friedman	14.00%
Steven Friedman	9.00%
Allen Friedman	9.00%
Rachel Deutsch	9.00%
Total	100.00%

Park Ridge SNF & AL Property

Livingston MN LLC	
Mark Friedman	31.2800%
Neal Einhorn	30.2800%
Yossie Zucker	4.0000%
Steven Sax	4.0000%
Akiva Rudner	4.0000%
Michael J Salamon	2.0000%
Miriam Minzer	0.2200%
RAPHAEL L YENOWITZ	0.2200%
Jerry Friedman	7.2500%
Edward Friedman	3.5000%
Steven Friedman	2.2500%
Allen Friedman	2.2500%
Rachel Deutsch	2.2500%
Nathan Friedman	6.5000%
Total	100.0000%

Landlord

PARK RIDGE NJ PROPERTY LLC
Single member entity, wholly owned by Livingston MN LLC

Addresses

1076 E 23 rd St., Brooklyn, NY 11210
41 Virginia Avenue, Clifton, NJ 07012
407 Arlington Ave, Lakewood, NJ 08701
635 Nutley Pl, Valley Stream NY 11581
12 Willows Rd, Monsey, NY 10952
1125 Doughty Blvd., Lawrence, NY 11559
1387 E 21th Street, Brooklyn, NY 11210
22 BROCKTON ROAD, SPRING VALLEY, NEW YORK, 10977
180 Lafayette Blvd., Lakewood, NJ 08701
1721 57th Street, Brooklyn, NY 11024
126 S. Columbus Ave., Lakewood, NJ 08701
130 Thornidike Ave., Lakewood, NJ 08701
135 Pine Circle, Lakewood NJ 08701
1455 54th Street, Brooklyn, NY 11219

Tenant

Park Ridge Operation ALF	
RESIDENCE AT PARK RIDGE LLC	
Tenant	
Nathan Friedman	26.00%
Jerry Friedman	29.00%
Mark Friedman	4.00%
Edward Friedman	14.00%
Steven Friedman	9.00%
Allen Friedman	9.00%
Rachel Deutsch	9.00%
Total	100.00%

Addresses

1455 54th Street, Brooklyn, NY 11219
180 Lafayette Blvd., Lakewood, NJ 08701
1076 E 23 rd St., Brooklyn, NY 11210
1721 57th Street, Brooklyn, NY 11024
126 S. Columbus Ave., Lakewood, NJ 08701
130 Thornidike Ave., Lakewood, NJ 08701
135 Pine Circle, Lakewood NJ 08701

Lease

Lease

LEASE AGREEMENT

by and between.

PARK RIDGE NJ PROPERTY LLC, a New Jersey
limited liability company, as Lessor

and

FAMILY OF CARING AT PARK RIDGE LLC, a New
Jersey limited liability company, as Lessee

June 27th, 2022

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into as of this 27th day of June, 2022 (the "Effective Date") by and between PARK RIDGE NJ PROPERTY LLC, a New Jersey limited liability company ("Lessor"), and FAMILY OF CARING AT PARK RIDGE LLC, a New Jersey limited liability company ("Lessee").

RECITALS :

A. Lessor currently intends to acquire fee simple title in and to that certain tract of land which is improved with a 210 bed skilled nursing facility commonly known as Atrium at Park Ridge SNF and located at 124 Noyes Dr, Park Ridge, NJ 07656 ("Nursing Home"), as more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Demised Premises"), and the furnishings, furniture, equipment and fixtures used in or about the Demised Premises ("Personal Property").

B. 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.

C. The parties hereto have agreed to the terms and conditions of this Lease.

AGREEMENT

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 INCORPORATION OF RECITALS; DEFINITIONS

1.1 The foregoing Recitals are hereby incorporated as if fully re-written.

1.2 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 210 bed skilled nursing facility commonly known as " Atrium at Park Ridge SNF " and located at 124 Noyes Dr, Park Ridge, NJ 07656.

(b) "Lender" shall mean the company or institution, including HUD, that provides Lessor with a loan under the Loan Documents, including the HUD documents.

(c) "Loan Documents" any and all documents by and between Landlord and Lender which secures an indebtedness on the Demised Premises, including, without limitation, the HUD documents.

(d) "HUD" shall mean the U.S. Department of Housing and Urban Development.

(e) "Use" shall mean the operation of a 210 bed skilled nursing facility and all related, complementary and appurtenant uses.

(f) All other capitalized 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 a skilled nursing facility, in substantial compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of New Jersey and such other governmental authorities having jurisdiction thereof.

2.2 The Demised Premises is provided "AS IS" and Lessor makes no representations, warranties or assurances relating thereto, or as to the completeness, condition, fitness for a particular purpose, operation, suitability or merchantability of the Demised Premises. Lessee hereby waives all statutory warranties and assumes all risks resulting from any defects (known or unknown, patent or latent) in the Demised Premises or from any failure of the same to comply with any applicable law or the uses or purposes for which the same may be occupied and assumes all responsibility for repair of any defect (known or unknown, patent or latent) in the Demised Premises and affirmatively is obligated to keep the Demised Premises fit for its permitted Use. Any listing provided by Lessor to Lessee is for the benefit of Lessor only, to identify such property as owned by Lessor and does not constitute a representation or warranty as to existence or completeness of any item of the Demised Premises. In the event of any deficiency in the Demised Premises, this Lease shall continue in full force and effect and there shall be no reduction of Rent or other obligations of Lessee hereunder. In the event that any portion or item of personal property comprising the Demised Premises requires replacement, maintenance, or upgrading, for any reason whatsoever, Lessee shall be obligated to provide for the same at its own cost and expense and Lessor shall have no obligations therefor, and such replacement shall immediately become part of the Demised Premises.

ARTICLE III - TERM OF LEASE

3. 1 The term of this Lease (the "Term") shall begin and be effective as of the date that Lessor acquires ownership of the Demised Premises (such date, the "Commencement Date"), and shall expire on the thirty (30) year anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Notwithstanding the foregoing, Lessee shall have the option, by delivery of written notice to Lessor prior to expiration of the Term, to extend this Lease for two (2) additional periods of ten (10) years each and upon the giving of such notice the "Term" hereunder shall include such additional periods of ten (10) years.

ARTICLE IV - RENT

4.1 From and after the Commencement Date, 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 annual base rent (the "Base Rent") for the Demised Premises and the Personal Property, an amount as set forth on Schedule 1, which annual Base Rent shall be paid in equal monthly installments.

4.2 For purposes of this section, the first year of the Term shall be deemed to begin on the Commencement Date, with each year of this Lease thereafter beginning on the first day of the month of the anniversary of the Commencement Date of the following year. All payments of Base Rent provided for in this Lease shall be paid on or prior to the 1st day of each calendar month. Unless otherwise notified in writing all checks shall be made payable as directed by Lessor and shall be sent to Lessor as directed by Lessor.

4.3 This Lease is and shall be deemed and construed to be a triple net lease and the Base Rent specified herein shall be net to Lessor in each year during the Term of this Lease. The Lessee shall pay all costs, expenses and obligations (ordinary and extraordinary) of every kind whatsoever relating to the Demised Premises which may arise or become due during the Term of this Lease (the "Additional Rent"), including, but not limited to, the payment of property taxes as provided in Articles VI and VII of this Lease, the maintenance of insurance policies as provided in Article IX of this Lease, maintenance and repairs to the Demised Premises and the Facility to maintain the same in the same condition as of the commencement of the Lease excepting reasonable wear and tear as provided in Article XI of this Lease, and funding any monthly tax, repairs, capital improvements and insurance reserves, HUD Mortgage Insurance Premiums, replacement, insurance and any other reserves and/or escrows, to the extent provided for herein and/or required by Lender. Lessee does hereby agree to indemnify, defend and hold harmless Lessor against any such costs, expenses and obligations. All sums of any type or kind, other than Basic Rent, required to be paid by Lessee to Lessor hereunder shall be deemed to be Additional Rent whether or not the same may be designated as such herein. As used in this Lease, the terms Base Rent (including Deferred Rent) and Additional Rent are collectively referred to as "Rent."

ARTICLE V - INTENTIONALLY OMITTED

ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as Additional Rent before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes (except taxes for which Lessee shall make deposits with Lessor and/or Lender in accordance with the provisions of Article V II of this Lease), 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 (collectively, "Taxes and Assessments"). Except for taxes for which Lessee shall make deposits with Lender and/or Lessor in accordance with the provisions of Article VII, not later than five (5) days following its receipt thereof, Lessor shall provide to Lessee copies of any bills received by it for Taxes and Assessments. At the request of Lessor, within five (5) days of any payment by Lessee of the Taxes and Assessments, a copy of the paid stamped bill or other evidence of payment shall be delivered to Lessor. The payment of any sum, other than Base Rent, due from Lessee to Lessor under this Lease shall be deemed to be Additional Rent. Except as otherwise provided herein, all expenses and charges whether capital or to be expensed, whether for upkeep, maintenance, repair, refurbishing, restoration, replacement, insurance premiums, taxes, utilities, and other operating or other charges of a like nature or otherwise, shall be paid by Lessee

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 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 its beneficiary, or capital levy, franchise, estate, succession or inheritance taxes of Lessor or its beneficiary.

6.4 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 all of the following conditions are met:

(a) Neither the Demised Premises, the Personal Property any material license or certification nor any part thereof would by reason of such postponement or deferment be in danger of being forfeited or lost, and

(b) Lessee shall have demonstrated to the reasonable satisfaction of the Lessor that it has available, cash or securities in the amount of such Taxes and Assessments, including the amount of any interest thereon and penalties in connection with the nonpayment thereof.

(c) Such a contest is permitted under the Loan Documents and the Lessee complies with any conditions to such contest under the Loan Documents.

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.

6.5 Lessor shall not be required to join in any proceedings referred to in this Article VI, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by 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 and Lessee shall pay for all costs in connection therewith. 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. Lessor agrees that it will reasonably assist Lessee to provide any necessary information and execute any necessary documents in connection with proceedings referred to in this Article.

6.6 Intentionally Omitted.

6.7 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 RESERVE DEPOSITS

7.1 Lessee shall pay monthly real estate tax deposits with Lender and/or Lessor, in an amount equal to one twelfth (1/ 12th) of the annual real estate taxes levied against the Demised Premises or in such other amount as required by Lender and/or Lessor. Said deposits shall be due and payable on the first (1st) day of each month as Additional Rent, or on such other day as required by the Lender and/or Lessor. Said deposits shall not bear interest. The deposits shall be held to pay the real estate taxes as they become due and payable. Said deposits shall not be kept separate and apart from any other funds. If the amount of Lessee's payments as made under this Article shall be less than the total amount due of the real estate taxes, then Lessee shall pay, either directly to the taxing authority or Lender or Lessor, the amount necessary to make up the deficiency in its pro rata share in the initial year of the Term of this Lease and thereafter shall pay the full deficiency no later than ten (10) days prior to the due date of such tax bill. In the event that Lessee has paid all sums due under this Section 7.1 and Lessor or Lender fail to pay the real estate taxes when due, Lessor or Lender shall be solely responsible for any late charges or loss which is a result of their failure to make timely payment hereunder. Not later than five (5) days following its receipt thereof, Lessee shall provide to Lessor copies of any bills received by it for Taxes and Assessments. Within five (5) days of any direct payment by Lessee of the Taxes and Assessments, a copy of the paid tax bill shall be delivered to Lessor.

7.2 Notwithstanding anything to the contrary contained herein, if Lessor is required under a Loan Document to make, with Lender thereunder, monthly deposits for insurance premiums and, except for this Lease, Lessor would actually be making such payments, then Lessee will make monthly deposits for insurance premiums with Lessor, in an amount equal to the amount Lessor is required to make under its Loan Documents with respect to its mortgage loan on the Facility. Provided that Lessee at all times complies with the immediately preceding sentence, Lessee shall suffer no liability hereunder in the event that the insurance premiums are not timely paid to the

insurance company. The deposits, if applicable, for insurance deposits, shall be due and payable on the first (1st) day of each month as Additional Rent, or such other day as required by the Lender. Not later than five (5) days following its receipt thereof, Lessor shall provide to Lessee copies of any insurance bills received by it, if not paid directly by Lessee. At the request of Lessee, within five (5) days of any payment by Lessor of insurance premiums, a copy of the paid insurance bill or evidence of payment of the insurance premiums shall be delivered to Lessee.

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 skilled nursing facility of not less than 210 licensed beds and for no other purpose other than the Use. Subject to the terms of Article XX hereof, Lessee shall at all times during the Term maintain in good standing and full force a nonprobationary license issued by the New Jersey Department of Health ("NJDH") (the "License") and any other governmental agencies permitting the operation on the Demised Premises of a skilled nursing facility of not less than 210 licensed beds (subject to any reduction in the number of licensed beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises or eminent domain proceedings as described in Section 16.2).

8.2 Lessee agrees that, notwithstanding any other provision of this Lease, it will at all times operate the Demised Premises as a 210 or more bed skilled nursing facility, and shall not (i) relocate any beds from the Facility; (ii) reduce the number of beds that are situated at the Facility, unless mandated by any applicable law or governmental authority; provided, however, that with respect to any such reduction in the number of beds (a) Lessee shall not have requested any reduction in the number of beds, (b) Lessee shall have objected to, contested or challenged, to the fullest extent of applicable law, such reduction, and (c) Lessee shall have afforded Lessor the opportunity to participate in, and control, such objection, contest or challenge; or (iii) otherwise materially and adversely alter the services provided in connection with the Facility, without, in each instance, the prior written consent of Lessor, which may be withheld at Lessor's reasonable discretion.

8.3 Lessee will not suffer any act to be done or any condition to exist on the Demised Premises 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 on the Demised Premises.

8.4 Upon termination of this Lease for any reason, including but not limited to, the expiration of the term of the Lease, Lessee will return to Lessor or its designee the Demised Premises, all licensed beds, the license to operate the Facility and all other required licenses and provider agreement and numbers in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and licensed by the State of New Jersey and by any governmental agencies having jurisdiction over the Demised Premises as a skilled nursing facility of not less than 210 licensed beds with an unrestricted license in full force and good standing for no less than 210 licensed beds. At the end of the Term of this Lease, or upon any default or termination of this Lease, regardless of fault or liability, all nursing home bed operating rights, any state and federal licenses and/or Certificate of Need or exemptions therefrom, necessary to operate the Facility, including, without limiting the generality of the foregoing, all right, title and interest in any certification to participate in any state or federal reimbursement program such as Medicare

or Medicaid under Title XVIII or XIX of the "Social Security Act of 1935," as now or hereafter amended (the "Social Security Act"), shall revert in their entirety to Lessor, as agreed to by the parties hereto in this Section 8.4 of this Lease.

8.5 During the Term of this Lease, 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 the Hazardous Substances; provided, however, that Lessee may use in and store at the Facility such materials and substances as are customarily used in nursing homes but only in such quantities as are reasonably necessary for the routine business operation of the Facility and in compliance with 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, 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 applicable to the Demised Premises or the Facility, now or hereafter enacted. Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against, and shall reimburse Lessor for, any loss, claim, liability, damages, injunctive relief, injuries to persons, property or natural resources, costs, 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 hereof, 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.

8.6 Upon Lender's request, Lessor and Lessee each agree to provide estoppel certificates to Lender containing such information as Lender requests or as is contained or required in the Loan Documents.

ARTICLE IX - INSURANCE

9.1 Lessee shall, at its sole cost and expense, as of the Commencement Date and during the Term, 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 New Jersey standard form with a responsible company or companies approved by Lessor and/or Lender, which approval will not be unreasonably withheld. Such

insurance shall, at all times, be maintained (without any co-insurance clause, if possible) in an amount equal to the full replacement value of the Demised Premises and Personal Property, but not less than that required by 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 Lender, Lessor and Lessee, as their interests may appear and shall contain a loss-payable clause to the Lender, as its interest may appear. Upon the reasonable request of Lessor, provided however no less frequently than such time as required by Lessee's insurance carrier, 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. I shall be adjusted accordingly. Lessee agrees to pay, as Additional Rent, when due all premiums for liability insurance and full coverage property insurance on the Demised Premises.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the Term of this Lease, insurance from an insurance company with a "A+" rating or higher from A.M. Best Company, in no event with coverage less than:

(a) A public liability policy naming Lessor, Lender, 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, and including professional malpractice insurance covering employees of the Facility, such insurance to afford protection to the limits reasonably established by Lessee in the operation of its business, but not less than \$1,000,000 per each occurrence and \$3,000,000 in the aggregate or any greater amount required by the Loan Documents.

(b) If there is a boiler, air conditioner or water heater located on the Demised Premises, boiler explosion insurance, in the amount of not less than \$100,000, under the terms of which Lessor 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 boiler 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) During any construction or renovation, Lessee shall cause to be provided appropriate builder's risk insurance and owner's contingent or protective liability insurance, covering claims not covered by or under the terms of the above-mentioned comprehensive general liability insurance, written on an occurrence basis, with completed operations coverage and with combined single limits of \$1,000,000, or such higher amount as Lessor may from time to time reasonably require. If Lessee shall contract with any independent contractor for the furnishing of labor, materials or services to Lessee, Lessee shall require such independent contractor to maintain Workers' Compensation Insurance covering all persons working on the job site or in connection with such construction. Lessee agrees to furnish Lessor with certificates evidencing all such insurance prior to the commencement of any such construction or renovations.

(d) Workers' Compensation Insurance covering all employees as required by law.

9.3 All policies of insurance shall provide, to the extent available at a commercially reasonable price so long as not otherwise required by the Lender:

(a) They are carried in favor of Lessor, Lessee, and 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. Lessor shall be named as an additional insured on all insurance policies; 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 clause in favor of Lender, and shall contain, if obtainable, a waiver of the insurer's right of subrogation against funds paid under the standard mortgagee endorsement which are to be used to pay the cost of any repairing, rebuilding, restoring or replacing.

(d) Waiver of Subrogation. Lessee agrees that the insurance policies to be obtained hereunder shall provide that the insurance carriers shall waive all rights of subrogation against Lessor and that such policies shall not be invalidated should the insured waive in writing prior to a loss any or all right of recovery against any party for losses covered by such policies. Lessee hereby waives and releases any and all right of recovery which it might otherwise have against Lessor, its agents and employees, and all liability or responsibility of Lessor, its agents and employees, for all injury and for loss or damage to its business, contents, furniture, furnishings, fixtures and other property of Lessee, notwithstanding that such injury, loss or damage may result from the negligence or fault of Lessor, or any of its agents or employees.

(e) Lessee will not do or omit to do or keep anything in, upon or about the Demised Premises or any adjacent areas which may (i) prevent the obtaining of any fire, liability or other insurance upon or written in connection with the Demised Premises, and Lessee' s Personal Property or such adjacent areas, or (ii) make any such insurance void or voidable or otherwise invalidate the obligations of the insurer contained therein.

9.4 Certificates of insurance policies required by this Article shall be delivered to Lessor and Lender prior to or on the Commencement Date. Upon receipt thereof, Lessee shall deliver copies of 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 Lessee shall at all times keep in effect business interruption insurance with loss of rents endorsement naming Lessor as an insured in an amount at least sufficient to cover:

(a) The aggregate of the cost of all Taxes and Assessments due during the period of the next succeeding six (6) months following the occurrence of the business interruption; and

(b) The cost of all insurance premiums for insurance required to be carried by Lessee for such six (6) month period; and

(c) The aggregate of the amount of the monthly Base Rent for the next succeeding six (6) month period.

All proceeds of any business interruption insurance or loss of rents coverage shall be applied, first, to the payment of any Base Rent payments to the extent that such payments are due and owing; second, to the payment of any Taxes and Assessments and insurance deposits required to the extent that such payments are due and owing; and, thereafter, after all necessary repairing, rebuilding, restoring or replacing has been completed as required by the pertinent Articles of this Lease and the pertinent sections of the Loan Documents, any remaining balance of such proceeds after conclusion of the business interruption shall be paid over to the Lessee.

9.6 In the event the amount of insurance proceeds hereunder exceeds Seventy Five Thousand Dollars (\$75,000), such insurance proceeds as may be paid to Lessee and Lessor, shall be governed by the Loan Documents or if no Loan Documents, then deposited with Lessor to be held and disbursed for the repairing, rebuilding, restoring or replacing of the Demised Premises or any portion thereof, or any improvements from time to time situated thereon or therein in accordance with Sections 9.7 and 9.8 hereof, or with the pertinent provisions of the Loan Documents.

9.7 Except as provided below and in accordance with all terms of the Loan Documents, no sums shall be paid from such proceeds toward such repairing, rebuilding, restoring or replacing unless there shall not be in existence any uncured Event of Default and it shall be first demonstrated to the reasonable satisfaction of Lessor that the amount of money necessary to provide for any such repairing, rebuilding, restoring or replacing (according to any plans or specifications which may be adopted therefor) in excess of the amount received from any such insurance policies, has been expended or provided by Lessee for such repairing, rebuilding, restoring or replacing, or that Lessee has provided cash for such amount and that the amount received from such insurance policies is sufficient to complete such work. In the event there is any amount required from Lessee in excess of the amount received from such insurance policies, Lessee shall first use such excess funds so that the funds on deposit with the Lessor will be sufficient to complete such repairing, rebuilding, restoring or replacing in accordance with the provisions of this Lease, the Loan Documents and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. Funds held by Lessor shall not be unreasonably withheld, but shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, contractor's sworn statements, owner's sworn statements and other evidence of cost and payments as may be reasonably required.

9.8 Prior to making any such repairs costing in excess of Five Hundred Thousand Dollars (\$500,000), if so requested by Lessor, Lessee shall do the following or provide to Lessor the following documentation, or comply with the following stipulations as Lessor may reasonably require to protect its interest in the Demised Premises and Personal Property: (a) submit complete plans and specifications for such repairs prepared by an architect or general contractor whose qualifications shall be reasonably satisfactory to Lessor; (b) submit a stipulated sum construction contract made with a reputable and responsible builder or contractor, providing for the completion and payment for all work, labor and materials necessary to complete such repairs; (c) such funds as may be required to complete said repairs shall be deposited with and disbursed by a national title insurance company or other responsible escrowee at Lessee's sole cost and expense to the contractor or contractors making such repairs in installments as such work progresses and upon presentment of such certificates, waivers of lien, sworn statements and other documents as may be

reasonably required by the Lessor to approve disbursement from escrow of such sums; (d) 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; and (e) take such other actions or provide such other documentation to Lessor as Lessor may reasonably require to protect its interest in the Demised Premises and Personal Property

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants herein agreed to be performed, after ten (10) days written notice of such failure, provided that no advance notice will be required where the Lessee's failure to perform could have an adverse impact on the Facility, Lessor may, 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, 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 Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

10.2 Performance of or payment to discharge said Lessee's obligations shall be optional by 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 AND MAINTENANCE

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, roof, parking lots 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, ordinary and extraordinary, foreseen and unforeseen, 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 skilled nursing facility. Lessor shall not be required to furnish any service or facilities or to make any repairs or alterations in or to the Demised Premises, Lessee hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Demised Premises, including making any repairs required by any Lender. Notwithstanding anything to the contrary contained herein, unless the need for a replacement has been caused by the misuse or negligence of the Lessee, its agents, employees, contractors, servants or guests (in which case the Lessee shall be fully responsible as hereinabove provided) with respect to replacement of the roof, structural components of the Building or the HVAC system during the last five (5) years of the Term or any extended Term, if applicable, Lessee shall only be responsible for a portion of such costs determined as follows: The cost of the repair or replacement shall be divided by the number of years of useful life of the repair or replacement and the result shall be multiplied by the number of

years remaining in the Term or extended Term. The Lessor shall be responsible for the remainder of the cost. In the event the Lessee then exercise an option to extend the Term, the Lessee shall reimburse the Lessor for the portion of the cost related to the extended Term as a condition of the exercise of the option to extend.

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 the Loan Documents 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. Notwithstanding anything provided herein, in the event a Lender requires payment of the indebtedness thereunder and does not allow repair and rebuilding of the Demised Premises or in the event damage cannot be repaired within six (6) months after a casualty, either as a result of insufficient time or insufficient insurance proceeds, Lessee may terminate this Lease upon written notice to Lessor delivered prior to the date Lessee commences any restoration of the Demised Premises. Lessee covenants that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of Fifty Thousand Dollars (\$50,000).

1 1.3 Provided that there is no uncured Event of Default by Lessee under this 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 that is necessary for the operation of the Facility 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 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.

1 1.4 Standard for Repairs. The necessity for and adequacy of repairs to any Improvements on the Demised Premises pursuant to this Article XI shall be measured by the standard which is appropriate for improvements of similar construction, use and class.

ARTICLE XII - ALTERATIONS AND DEMOLITION

12.1 Lessee shall have the right during the Term to make such non-structural interior alterations, changes and improvements to the Demised Premises as may be proper and necessary for the conduct of Lessee's business, to cause the Demised Premises to conform to any legal or regulatory requirements, for resident comfort and safety, or for the full beneficial use of the Demised Premises, so long as such improvements do not (i) exceed Five Hundred Thousand Dollars (\$500,000) in any given calendar year and (ii) interfere with any of the purposes for which

the Facility was leased; provided, however, that Lessee shall make no (i) structural alterations, changes, or improvements, or (ii) improvements that exceed Five Hundred Thousand Dollars (\$500,000) in any given calendar year without express written approval in each instance by Lessor and Lender, which consent may be withheld in Lessor's and Lender's sole and absolute discretion. Notwithstanding the foregoing, Lessee shall be permitted to make the alterations set forth on Exhibit C without any further consent from the Lessor. Lessee shall pay all costs and expenses of such permitted alterations, changes, and improvements, shall make the same in a good and workmanlike manner, and in accordance with all applicable laws, codes, and regulations ("Applicable Laws"), and shall assure Lessor, in form reasonably satisfactory to Lessor, that payment for the same will be made by Lessee. Lessee hereby completely and fully indemnifies Lessor against any mechanic's liens or other liens or claims in connection with the making of such alterations, changes, and/or improvements. Any liens arising out of such alterations, changes, and/or improvements shall be discharged of record by Lessee within thirty (30) days after the same have been filed by payment, bonding or otherwise, as permitted by law, or within five (5) Business Days after commencement of a foreclosure. Notwithstanding any provision of this Lease to the contrary, Lessor shall not undertake any alterations, renovations, or improvements to the Facility or otherwise commence any project or activity with respect to the Facility, which may result in any bed being taken out of service for more than seven (7) days without Lessor's prior written consent, which consent shall be subject to Lessor's reasonable discretion. Lessee shall not employ or retain any general contractor, contractor, subcontractor or other construction, building or other trade professional (a "Contractor") to perform or conduct any work, repairs, maintenance, alterations or improvements at or upon the Demised Premises, which requires the Lessor's consent unless and until (i) Lessor approves the Contractor, such approval not to be unreasonably withheld, and (ii) the Contractor shall have provided Lessor with adequate evidence of general contractor liability and other insurance coverage, with Lessor named as an additional insured, in such amounts, as Lessor may require from time to time. Depending upon the nature of the alterations or improvements requiring consent of the Lessor, Lessor reserves the right to require any Contractor to be fully bonded and/or to provide such other surety as Lessor may deem reasonably necessary.

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 Demised Premises and the operation thereof as a skilled care nursing facility, which may be applicable to the Demised Premises, the Personal Property and the nursing home located therein and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, curbs adjoining 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 the Demised Premises.

13.3 Prior to the Commencement Date, Lessee shall obtain, at its sole cost and expense, all necessary approvals, certifications and licenses from all appropriate governmental agencies necessary to permit Lessee to operate the Facility as a skilled nursing facility, including, without limitation, the receipt of the License permitting Lessee to operate the Facility with not less than 210 skilled nursing licensed beds. 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 skilled nursing facilities of not less than 210 licensed beds and the Facility shall at all times, subject to the terms of Article XX hereof, continue to be qualified to and shall participate in the Medicare and Medicaid reimbursement programs.

ARTICLE XIV DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof and the terms of the Loan Documents, 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 (other than as a replacement for any personal property owned by Lessor and leased to Lessee hereunder) which may be subject to a security agreement or chattel mortgage provided that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and Lessee shall indemnify Lessor against all charges, costs and expenses that may be incurred by Lessor with respect to such security agreement or chattel mortgage.

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 Loan Documents and the Lender, Lessee shall have the right to contest such lien or charge, provided Lessee, within sixty (60) 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 Lessor or Lender of such reasonable 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 or Lender 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 Lessor in connection therewith shall constitute Additional Rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor 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.

ARTICLE XV INSPECTION OF PREMISES AND RECORDS BY LESSOR

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

15.2 Lessor agrees that upon entering and inspecting the Demised Premises and Personal Property 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 Facility 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 condemner.

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 this Lease or (b) subject to the consent and approval of Lessor and Lender, with reasonable diligence, restore or rebuild to the extent reasonably practicable any improvements upon the Demised Premises affected by the taking with the proceeds from the condemnation award. 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.

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. Lessee shall be entitled to any award that it can prove for damage to its leasehold interest, provided that such award is separately allocated to Lessee by the condemning authorities.

ARTICLE XVII - INTENTIONALLY OMITTED

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the Term of this Lease, Lessee shall not assign this Lease or in any manner whatsoever sublet or transfer any interest in the Demised Premises (whether by management agreement, or otherwise) or any interest in this Lease (an **Assignment**) without the prior written consent of Lessor, which consent shall be subject to the sole discretion of Lessor. As a condition of granting its consent, Lessor may request, and Lessee shall provide to Lessor, resumés and financial statements for any proposed transferee. Lessee acknowledges and agrees that Lessor has specifically chosen Lessee to operate the Facility based upon the skill and expertise of Lessee and its principals in operating nursing homes in the State of New Jersey and upon the character and reputation of such principals. Accordingly, it shall not be deemed unreasonable for Lessor to

withhold its consent to any proposed sublease or assignment to an entity, the principals of which, at a minimum, have not owned and operated a comparable nursing home facility in the State of New Jersey and maintained profitable operations in such comparable facility in each of the three (3) calendar years prior to the year of the proposed sublease or assignment. Prior to any transfer of possession of the Demised Premises to such transferee, any proposed transferee shall assume all the obligations of Lessee transferred hereunder and in connection therewith, the Lessee shall be released from any further liability hereunder. Any violation or breach or attempted violation or breach of the provisions of this Article by Lessee, or any acts inconsistent herewith shall vest no right, title or interest herein or hereunder or in the Demised Premises in any such transferee or assignee; and Lessor may, at its exclusive option, invoke the provisions of this Lease relating to default. For purposes of this Article:

(a) Any transfer or transfers of the managerial duties or voting membership interests in Lessee (or stock in a corporate lessee, partnership interests in a partnership lessee or stock in a corporate general partner of a partnership lessee, as the case may be) however accomplished, whether in a single transaction or in a series of related or unrelated transactions, which result in a change in ownership in more than fifty percent (50%) in the aggregate of such voting membership interests in Lessee (or voting stock in a corporate lessee, voting partnership interests in a partnership lessee or voting stock in a corporate general partner of a partnership lessee, as the case may be) shall be deemed an assignment of this Lease.

(b) 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 entire Lease and this Article, and except for subsequent subleases, assignments or transfers permitted by this Article, shall obtain the consent of Lessor to any subsequent sublease, assignment, encumbrance or transfer or such event shall be deemed an Event of Default hereunder.

(c) 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.

(d) If Lessee is a corporation, partnership, limited liability company, or other entity, the term "Assignment" also includes any change in the majority of managers, general partner or majority of directors of the entity.

ARTICLE XIX EVENTS OF DEFAULT

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

(a) 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 Lessor under the provisions of this Lease within five (5) days of such payment being due;

(b) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants (including, without limitation, each covenant set forth in Article V of this Lease), terms, conditions or provisions of this Lease not otherwise specified under this Section 19.1, if such failure or violation shall not be cured within thirty (30) days of written notice thereof; provided

that if such failure cannot be cured within thirty (30) days and is being diligently pursued, then such cure period shall be extended an additional sixty (60) days; provided however, no notice or cure period shall apply to a default under Sections 8.1 or 8.2 hereof;

(c) The removal by any local, state or federal agency having jurisdiction over the operation of the Facility of fifty percent (50%) or more of the residents located at the Facility for a period of ten (10) days or more, except as a result of an evacuation;

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

(e) 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 section shall again apply);

(f) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee 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;

(g) if Lessee shall be declared bankrupt or insolvent according to law;

(h) if, as a result of any failure by Lessee to perform or observe any of the terms, obligations, covenants or conditions to be performed or observed by it under this Lease, a breach or default shall have occurred and be continuing after any applicable notice and cure periods under any Loan Document for which breach or default Landlord provided Tenant with at least five (5) business days notice; .

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

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

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

(l) The failure on 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 or abatement; .

(m) 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 skilled care nursing home facility; or (ii) decertify the Facility from participation in the Medicare or Medicaid reimbursement program; or (iii) or the exclusion, suspension, debarment or disqualification of Lessee or any of its principals from being a health care provider, government contractor, holder of any Health Care License (hereinafter defined) or from or under Medicare, Medicaid or any other federal health care program;

(n) Any state or governmental deficiencies that Lessee has not, in good faith, attempted to clear up within the required timeframes set forth under any applicable law;

(o) Any material suspension, limitation or restriction placed upon Lessee, the Health Care Licenses, the Facility, the operations at the Facility or Lessee's ability to admit residents or patients at the Facility (e.g., an admissions ban or non-payment for new admissions by any third party payor program resulting from an inspection or survey), which is not appealed or cured within any applicable timeframe or grace period of the applicable governmental authority;

(p) The failure to keep the insurance policies in full force and effect, or the failure to deliver a certificate of insurance with respect to the insurance policies within five (5) Business Days after written request by Lessor or its Lender;

(q) If (1) a final judgment, including any judgment or other final determination of any contest, is entered against Lessee, its shareholder or any other entity in which Lessee has an ownership interest in an amount in excess of the monthly Rent (to the extent not covered by independent third party insurance as to which insurer does not dispute coverage), or (2) execution or other final process issues thereon with respect to the Lessee's property, and (3) Lessee does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereon, in any event within sixty (60) days from entry, or shall not, within such period or such longer period during which execution on such judgment shall have been stayed, appeal therefrom or from the order, decree or process upon or pursuant to which such judgment shall have been entered, and cause its execution to be stayed during such appeal, or if on appeal such order, decree or process shall be affirmed and Lessee shall not discharge such judgment or provide for its discharge in accordance with its terms within sixty (60) days after the entry of such order or decree or affirmance, or if any stay of execution on appeal is released or otherwise discharged;

(r) To the extent such cannot be cured by paying applicable registrations fees, and/or making applicable filings, if Lessee (i) is a corporation (or partnership or limited liability company) and shall cease to exist as a corporation (or partnership or limited liability company) in the state of its incorporation (or formation) (unless Lessee simultaneously becomes incorporated (or formed) and in good standing in another state) or (ii) if Lessee is a partnership or limited liability company or other entity and Lessee shall be dissolved or otherwise liquidated, then if Lessee does not completely remedy such default promptly (or if Lessee's only knowledge of such default is by receipt of written notice of such default, then within the thirty (30) day period following receipt of such written notice). A change of name by the Lessee shall not constitute a Default under this Section, but can only be done with approval of any Lender in its sole discretion (if such approval is necessary in accordance with any Loan Document), and with notice to the Lessor;

(s) Lessee fails or refuses to execute any true certificate or agreement that Lessor or its Lender may reasonably request confirming the subordination required pursuant to Loan Documents or estoppel certificate within ten (10) days after Lessee's receipt thereof;

(t) If any material representation or warranty made by Lessee herein or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lessor shall have been materially false or misleading in any material respect as of the date such

representation or warranty was made and if susceptible to cure is not cured within thirty days of the date of delivery;

(u) if Lessee fails to comply with or observe any term, covenant or condition under Lessee's Loan Documents and/or HUD documents which is not cured within any applicable grace period, if any, provided for in Lessee's Loan Documents and/or HUD documents;

(v) if Lessee has a Material Healthcare Laws Breach (as defined below); or

(w) Lessee shall be in violation of Section 8.3, and if such violation can be cured, such violation shall not be cured within thirty (30) days after written notice thereof; provided that if such failure cannot be cured within thirty (30) days and is being diligently pursued, then such cure period shall be extended an additional sixty (60) days.

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.

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

(a) Except as permitted herein, Lessor's material interference with Lessee's quiet enjoyment of the Demised Premises and Personal Property (provided, however, such quiet enjoyment shall not extend to rights of Lender derived through Lessor); or

(b) The failure of Lessor to perform, or the violation by Lessor of, any of the other 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 Lessee to Lessor.

The phrase "Material Healthcare Laws Breach" as used in subsection (t) of Section 19.1 hereof shall mean any violation or violations of any laws or regulations relating to the operation of the Facility if the existence of such violation or violations which results in: (i) the commencement of a proceeding by any applicable governmental authority to revoke any of the permits or licenses required to operate the Facility provided such proceeding is not dismissed or otherwise settled without such revocation within ninety (90) days after the commencement of such proceeding; or (ii) the Lessee's receipt, with respect to the Facility, of specific survey deficiencies at level F (which constitutes Substandard Quality of Care), H, I, J, K, L or worse (or similar level deficiencies under any amendments to and/or replacements of the current deficiency grading system which may come into effect) with respect to which (a) Lessee has not, within ninety (90) days after Lessee receives notification of such deficiency, submitted an appropriate Plan of Correction to the New Jersey State Department of Health, a copy of which is delivered to Lessor, and requested a re-inspection, or (b) Lessee has not received, within one hundred eighty (180) days after the date the Facility was found not in compliance, written confirmation from the applicable governmental authority that the Facility is back in substantial compliance; or (iii) the indictment of Lessee; or (iv) the indictment of any other managing members of Lessee; or (v) the commencement of a proceeding by any governmental authority to impose sanctions in the form of termination of the Facility's participation in any state or federal health care programs, provided

such proceeding is not dismissed or otherwise settled within ninety (90) days after its commencement without such termination; or (vi) the Facility at any time becomes a CMS "Special Focus Facility" or receives any such similar designation as may be instituted from time to time and such designation (A) imminently jeopardizes the continued operation of the Facility, or (B) continues for more than two survey cycles, unless the Lessee is making sufficient progress toward the removal of such designation and CMS provides the Lessee with additional time to achieve removal of the designation, and if the Lessee is not making progress toward removal of such designation the Lessor shall have the right to consult with the Lessee or cause the Lessee to hire a consultant, at the Lessee's cost and expense, to consult with the Lessee, and, in either such event the Lessee implements the recommendations of the Lessor or the consultant, as the case may be.

ARTICLE XX RIGHT TO CONTEST/CURE

20.1 Except for an Event of Default of Lessee in the payment of Rent or any additional 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, (but not exceeding a total of ninety (90) days following the initial delivery by Lessor to Lessee of the written notice of default), 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: (a) 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 (b) there continues during such remedy authority to continue to operate the Facility as a nursing home (which may be temporary or provisional), and (c) such Event of Default does not jeopardize the License or the provider agreements, or the operations, certifications or value of the Demised Premises and the Personal Property.

20.2 Lessee shall promptly provide Lessor with a copy of any notice from any governmental authority or agency threatening or requesting a reduction in the number of licensed 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 such shorter period as 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, contest any such reduction. Lessor shall additionally have the right to intervene in any such contest dealing with a reduction in the number of beds at the Facility.

20.3 The cost for any contest permitted under this Article XX shall be borne by the Lessee. Lessor, at any time during any contest, may participate in the same, provided, that in the event Lessor determines in its reasonable discretion that Lessee is not adequately pursuing such contest to its conclusion, Lessee shall reimburse Lessor for any costs incurred in connection with such contest, which shall be deemed Rent hereunder.

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 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 Lessor, and Lessee hereby grants to 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 Lessor's former estate. In the event of any such termination of this Lease, 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 Lessor to Rent or any other right given to Lessor hereunder or by operation of law.

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 or 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 numbers, internet domain and name used by Lessee in connection with the operation of the Facility. In connection with the foregoing clauses of this Section 21, this Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (a) all licenses, certifications, permits and authorizations obtained in connection with the operation of the Facility and (b) 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. Lessor and Lessee acknowledge and agree that the Demised Premises, including any certificate of need, the licensed nursing facility beds and the certification of such nursing facility beds under Titles XVIII and XIX of the Social Security Act and any and all provider agreements, was, and at all times under the terms of the Lease are, the sole and absolute property of Lessor, and Lessee shall have absolutely no right, title or claim of right whatsoever in and to any of the foregoing and/or the right to operate said nursing facility beds; provided, however, that Lessor has permitted Lessee as a term of this Lease, to maintain licensure of the Demised Premises as the nominal licensed nursing facility operator and all nursing facility beds located at the Demised Premises to be in Lessee' s name as the licensed nursing facility operator, but only during the Term and provided only as long as Lessee is not in material default or otherwise in material breach of this Lease. Upon any termination of this Lease or any material breach or material default by Lessee hereunder (which breach or default is not cured within any applicable grace period), Lessor shall have the sole, complete, unilateral, absolute and unfettered right to cause the CON, nursing home license and any and all provider agreements to be reissued in Lessor or Lessor's designee's name upon application therefore to New Jersey Department of Health, and to further have the right to have any and all Medicare, Medicaid and any other provider and/or third party payor ("Third Party Payor") agreements issued in Lessor or

Lessor's designee's name. Lessee shall upon request of Lessor, cooperate with Lessee to effect any such right and shall execute any documents reasonably required to do so. For purposes thereof, Lessee hereby appoints Lessor its attorney-in-fact, with the power and authority to take any and all acts required to cause the CON, nursing home license, assisted living license, and all other applicable permits, provider and/or Third Party Payor agreements, certifications and licenses, to be reissued in the name of Lessor or Lessor's designee.

21.2 If Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and 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, additions and Lessor's expenses, Lessee shall pay to Lessor the amount of each monthly deficiency upon demand.

21.3 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, except as otherwise provided for in this Lease, Lessor shall not be liable for any damages whatsoever to Lessee beyond the loss of 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 by Lessor and Lessee's recourse shall be limited to the Lessor's estate in the Demised Premises.

ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR

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 Lessor from and against any claims, demands, losses, and causes of action of any nature whatsoever asserted against or incurred by Lessor on account of: (a) 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; (b) 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 after the Commencement Date; (c) any claims, penalties, recoveries, interest, monetary sanctions, fees, or other liabilities imposed by a governmental agency or by a third party insurance company related to the operations of or payments made to the Facility while Lessee was providing skilled care nursing services; or (d) any violation by the Lessee of any healthcare laws or any other matter, fact, event or circumstance arising out of the operation of the real property. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Lessor of any such claims, demands or causes of action. .

25.2 Lessor agrees to indemnify, defend and save harmless Lessee from and against any liabilities, losses, claims, demands and causes of action whatsoever asserted against or incurred by Lessee on account of any failure on the part of Lessor during the Term of this Lease to perform or comply with any of the terms of this Lease. Lessor further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Lessee of any such claims, demands or causes of action.

25.3 In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, section or paragraph of this Lease ("Indemnitee's Claim") is made against or received by any indemnified party (hereinafter "Indemnitee") hereunder, said Indemnitee shall notify the indemnifying party (hereinafter "Indemnitor") in writing within thirty (30) calendar days of Indemnitee's receipt of written notice of said Indemnitee's Claim, provided, however, that Indemnitee's failure to timely notify Indemnitor of Indemnitee's receipt of an Indemnitee's Claim shall not impair, void, vitiate or invalidate Indemnitor's indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect so long as Indemnitee's delay in notifying Indemnitor does not, solely by itself, directly and materially prejudice Indemnitor's right or ability to defend the Indemnified Claim. Upon its receipt of any or all Indemnitee's Claim(s), Indemnitor shall, in its sole, absolute and unreviewable discretion, diligently and vigorously defend, compromise or settle said Indemnitee's Claim at Indemnitor's sole and exclusive cost and expense to the extent funds are available ("Available Funds") to fully indemnify such claims, and shall promptly provide Indemnitee evidence thereof within fourteen (14) calendar days of the final, unappealable resolution of said Indemnitee's Claim. Upon the receipt of the written request of Indemnitee, Indemnitor shall within ten (10) business days provide Indemnitee a true, correct, accurate and complete written status report regarding the then current status of said Indemnitee's Claim. Prior to an Indemnification Default (as defined herein), Indemnitee may not settle or compromise an Indemnitee's Claim without Indemnitor's prior written consent. Failure to obtain such consent shall be deemed a forfeiture by Indemnitee of its indemnification rights hereunder. In the event that Indemnitor fails or refuses to indemnify, save, defend, protect or hold Indemnitee harmless from and against an Indemnitee's Claim and/or to diligently pursue the same to its conclusion, or in the event that Indemnitor fails to timely report to Indemnitee the status of its efforts to reach a final resolution of an Indemnitee's Claim, which failure to report causes Indemnitee material harm, or in the event that Indemnitor does not have the Available Funds, on seven (7) calendar days prior written notice to Indemnitor during which time Indemnitor may cure any alleged default hereunder, the foregoing shall immediately, automatically and without further notice be an event of default hereunder (an "Indemnification Default") and thereafter Indemnitee may, but shall not be obligated to, immediately and with notice to Indemnitor intervene in and defend, settle and/or compromise said Indemnitee's Claim at Indemnitor's sole and exclusive cost and expense, including but not limited to attorneys' fees, and, thereafter, within seven (7) calendar days of written demand for the same Indemnitor shall promptly reimburse Indemnitee all said Indemnitee's Claims and the reasonable costs, expenses and attorneys' fees incurred by Indemnitee to defend, settle or compromise said Indemnitee's Claims.

ARTICLE XXVI - SUBORDINATION PROVISIONS

26.1 Notwithstanding any provision of this Lease to the contrary, this Lease (and Lessee's interest in the Demised Premises and Personal Property) shall be subject and subordinate to the Loan Documents. 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 or location of the Demised Premises, the duration 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 to finance, refinance and guaranty such financing or refinancing, from time to time, the Demised Premises and Personal Property, and grant a mortgage, deed of trust or security interest thereon, to assign or pledge any or all of its interest in this Lease and Lessor's Lien and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party.

ARTICLE XXVII - RIGHT OF FIRST REFUSAL

27.1 Lessor hereby grants and gives to Lessee a right of first refusal to purchase the Demised Premises. If Lessor receives a bona fide offer (the "Offer") from an arms-length offering party (the "Offering Party") to purchase, lease or otherwise transfer ("Transfer") any interest in the Demised Premises or any portion thereof (including any ownership interest in Lessor itself), then Lessor shall provide a copy of the Offer to Lessee, who shall have thirty (30) days (the "Option Period") following its receipt of said Offer to elect to enter into a contract with Lessor on the same terms and conditions described in the Offer. Upon delivery of the Offer by Lessor to Lessee, the Offer shall become an irrevocable option in favor of Lessee to acquire the Demised Premises or an interest therein (or the ownership interest in the Lessor) upon the terms and conditions stated therein during the Option Period. Notwithstanding the foregoing, Lessee's right of first refusal shall automatically terminate upon the occurrence of an Event of Default under the Loan Documents and the exercise of remedies by the Agent and/or Required Lenders under the Loan Documents.

27.2. If Lessee fails to exercise its right of first refusal hereunder during the Option Period, then Lessor shall be free to Transfer the Demised Premises, or any interest therein (or the ownership interest in the Lessor), to the Offering Party in accordance with the terms and conditions of the Offer; provided, however, that should the purchase price of the Offer be reduced by five percent (5%) or more following the delivery of said Offer to Lessee, then Lessee's rights under this right of first refusal, including the right to acquire the Demised Premises or an interest in the Demised Premises (or an ownership interest in the Lessor) in accordance with such Offering Party's revised Offer, shall automatically be reinstated. .

27.3 Lessor hereby grants and gives to Lessee a right of first refusal to lease the Demised Premises at the expiration of the Term or the extended Term. If Lessor receives a bona fide offer (the "Lease Offer") from an arms-length offering party (the "Lease Offering Party") to lease ("Lease") the Demised Premises or any portion thereof at the end of the Term or any extended Term, then Lessor shall provide a copy of the Lease Offer to Lessee, who shall have thirty (30) days (the "Lease Option Period") following its receipt of the Lease Offer to elect to enter into an extension of the Term of this Lease with Lessor on the same terms and conditions described in the Lease Offer. Upon delivery of the Lease Offer by Lessor to Lessee, the Lease Offer shall become an irrevocable option in favor of Lessee to Lease the Demised Premises upon the terms and conditions stated therein during the Lease Option Period. If Lessee fails to exercise its right of first refusal hereunder during the Lese Option Period, then Lessor shall be free to Lease the Demised

Premises to the Lease Offering Party in accordance with the terms and conditions of the Lease Offer.

ARTICLE XXVIII - LOAN DOCUMENT RESERVES

28.1 Any monthly tax, insurance, or capital expenditure reserves required under the Loan Documents by the Lender against the Demised Premises during the Term of this Lease shall be paid by the Lessee to Lessor and shall be released for payment of the applicable taxes, insurance premiums or capital improvements to the Demised Premises. Any unused capital expenditure, tax, insurance or other reserves paid by Tenant during the Term shall be paid over to Lessee upon return of such from the Lender or the termination of this Lease.

ARTICLE XXIX - LESSEE'S ATTORNMENT

29.1 Lessee covenants and agrees that, if by reason of a default upon the part of Lessor herein in the performance of any of the terms and conditions of the Loan Documents and the Lender forecloses on the estate of Lessor in the Demised Premises, Lessee will attorn to Lender or the then holder of such mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize Lender or such holder of the mortgage or such purchaser as 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, Lender, 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. In the event any such proceedings are brought against Lessor under such mortgage or the holder of any such mortgage, then 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 and agrees that, pending any final order, this Lease shall not be affected in any way whatsoever by any such proceedings.

ARTICLE XXX - REPRESENTATIONS

30.1 Lessor represents and warrants as follows:

(a) Lessor is a New Jersey limited liability company, is duly organized and validly existing under the laws of the State of New Jersey, and has the full right and power to enter into, and perform its obligations under this Lease and all agreements or documents entered into or executed in connection therewith, and has taken all requisite actions to authorize the execution, delivery and performance of this Lease and all agreements and documents entered into or executed in connection therewith.

(b) Neither the execution and delivery of this Lease, nor any agreement referred to or contemplated hereby, by Lessor will violate any provision of its Operating Agreement, be in conflict with, constitute a default or create a right of termination or cancellation under any agreement or commitment to which Lessor is a party.

302 Lessee represents and covenants to Lessor as follows:

(a) Lessee is a New Jersey limited liability company, duly organized and validly existing in good standing under the laws of the State of New Jersey, and has full right and power to enter into, 01' perform its obligations under this Lease and has taken all requisite actions to authorize the execution, delivery and performance of this Lease.

(b) Lessee acknowledges that it has inspected or will inspect the Demised Premises and the Personal Property and, subject to the terms and conditions of this Lease, agrees to lease the same in its present "AS IS-WHERE IS" condition. Notwithstanding the foregoing, if, during the Due Diligence Period (as defined in the Contract of Sale or the OTA (as defined in the Contract of Sale)) the Lessee discovers anything with respect to the Demised Premises that it determines in its sole discretion unacceptable, the Lessee shall give notice to the Lessor to terminate this Lease, and, upon receipt of the Lessee's notice, this Lease shall be terminated and the parties shall have no further rights or obligations hereunder. Except as set forth in this Lease, Lessor makes no representations, express or implied, as to the physical condition of the Demised Premises and the Personal Property or any other matter or thing affecting or related to the Demised Premises or the Personal Property (including without limitation any recoupments by governmental payors with respect to periods prior to the Commencement Date).

(c) In addition to all other covenants contained herein, Lessee expressly covenants that they shall keep and maintain at the Facility at all times in good order and repair, reasonable wear and tear excepted, all items of Personal Property necessary for operating the Facility for not less than 210 licensed skilled nursing facility beds in full compliance with all material laws, rules and regulations applicable to the Facility. Lessee shall maintain all such items in good order and repair, subject to reasonable wear and tear, and, unless such item is no longer necessary for the proper operation of the Facility, shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items equivalent to that which has been replaced and such replacement items shall become and be deemed the personal property of Lessor.

(d) Lessee will, as of the Commencement Date be the licensed operator of the Facility, and shall thereafter, maintain in good standing such licensure in connection with its operation of the Demised Premises as a nursing facility, and; Lessee shall be, as of the Commencement Date, certified by, and the holder of valid provider agreements with Medicaid and/or Medicare, as applicable, and shall thereafter maintain in good standing such certifications in connection with its operation of the Demised Premises as a nursing facility.

(e) Lessee shall be as of the Commencement Date, and will thereafter continue to be, in substantial compliance with all state and federal laws, rules, regulations and procedures with regard to the operation of a nursing facility; and Lessee shall not abandon, terminate, vacate or fail to renew any material certificate, license or permit which relates to the operation of the Facility on the Demised Premises or in any way commit any act which will cause any such certificate, license or permit to be revoked by any federal, state or local governmental authority having jurisdiction thereof. Notwithstanding anything contained herein to the contrary, Lessor is merely the lessor of the Demised Premises which is the subject of this Lease and shall have no liability in connection with the operation of the Facility or the provision of health care services from or at the Facility, Lessee shall have the exclusive responsibility (i) as the operator, licensee and provider of the Facility and all health care services provided from or at the Facility, independent and separate from Lessor; (ii) for securing and maintaining in full force and effect all

licenses, permits, accreditations, provider numbers, approvals, qualifications, certifications, and other authorizations granted by any regulatory agency or other governmental authority or accreditation organization relating to or affecting the Facility, the establishment, construction, ownership, operation, maintenance, management, use, regulation, development, expansion or construction thereof, the provision of health care services thereon, and/or the reimbursement of health care costs relating thereto (collectively the "Health Care Licenses"); (iii) for compliance with all requirements of governmental authorities and under Health Care Licenses, (iv) for quality control of the Facility and services, and (v) for all computer systems, software, record keeping, data bases and privacy requirements relating to the Facility, all of which shall be provided at Lessee's own expense.

(f) Intentionally Omitted.

(g) No representation or warranty by or on behalf of Lessee contained in this Lease and no statement by or on behalf of Lessee in any certificate, list, exhibit, schedule or other instrument furnished or to be furnished to Lessor by or on behalf of Lessee pursuant hereto contains any untrue statement of a substantial fact, or omits or will omit to state any substantial facts which are necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading in any substantial respect.

ARTICLE XXXI LESSEE'S COVENANTS

31.1 Lessee covenants that, during the Term and thereafter, Lessee will not (1) relocate or seek regulatory approval to relocate the Facility (or any portion thereof) to another location; (2) seek any regulatory approvals relating to the Facility or any of its services without the express prior written consent of Lessor, which will not be unreasonably withheld, conditioned or delayed; or (3) enter into any agreement to sell, transfer or assign any of its interests in, or to relocate or build a replacement facility for, any of the Facility, the Facility beds or seek regulatory approval for any of the foregoing.

31.2 In the event of any breach of the provisions of Section 31.1 (1), (2) or (3) hereof, and as a result thereof some or all of the facility beds are not operated at the Demised Premises, Lessor shall be entitled to \$10,000,000.00 from Lessee as liquidated damages and not as a penalty. The parties acknowledge and agree that Lessor's right to the \$10,000,000.00, as liquidated damages hereunder would be reasonable in light of the harm caused by Lessee's breach of such provision, the difficulty of proof of Lessor's losses occasioned thereby, and the difficulty, inconvenience or non-feasibility of otherwise obtaining an adequate remedy. Additionally, the execution of any documentation to sell, assign or otherwise transfer any interest in the facility beds, or the submission of any application to obtain regulatory approval to relocate any of the facility beds to a location other than the Demised Premises, shall be an Event of Default by Lessee hereunder resulting in an immediate termination of this Lease upon no further notice to Lessee, in addition to any other damages to which Lessor may be entitled.

31.3 Financial Covenants. Throughout the Term, Lessee shall comply with all financial covenants set forth in the Loan Documents.

ARTICLE XXXII - INFORMATION

32.1 The Lessee shall provide to the Lessor copies of all lawsuits and administrative proceedings demanding \$100,000 or more that are reasonably likely to materially affect the Demised Premises within five (5) days of receipt, without Lessor demand

32.2 As soon as available and in any event within fifteen (15) days of filing copies of Lessee's yearly Medicaid cost reports.

32.3 Copies of all lawsuits and administrative proceedings demanding \$100,000 or more that are reasonably likely to materially affect the financial condition of the Facility within five (5) days of receipt, without Lessor demand as well as all notices of governmental or quasigovernmental investigations received by and relating to Lessee including without limitation all ZPIC Audits, AG and OIG Investigations.

32.4 Lessee shall furnish Lessor, within ten (10) days of the receipt by Lessee, of any and all notices (regardless of form) or charges issued relating to a material non-compliance from any Health Care Regulatory Agency and/or any Third Party Payor that Lessor's license, Medicare or Medicaid certification is reasonably likely to be downgraded, revoked, or suspended, that action is pending, being considered or being, or could be, taken to downgrade, revoke, or suspend Lessee's license or certification or to fine, penalize or impose remedies upon Lessee, or that action is pending, being taken, or is reasonably likely to be taken, to discontinue, suspend, deny, decrease or recoup any payments or reimbursements due, made or coming due to Lessee or related to the operation of the Facility, any of which is reasonably likely to have an aggregate material adverse effect on the Facility or Lessee; provided, however, that Lessor shall be promptly notified in writing of any material inquiry or investigation by the State Medicaid Fraud Control Unit, The United States Department of Health and Human Services, Office of The Inspector General or by The United States Department of Justice.

32.5 Lessee shall file all required Third Party Payor cost reports on or prior to the date such reports are due and shall make available to Lessor within fifteen (15) days of the date of filing, a complete and accurate copy of the annual Medicare or Medicaid cost report and other annual Third Party Payor cost reports for Lessee, which will be prepared by Lessee, and any amendments filed with respect to such requested reports and all notices, responses, audit reports or inquiries with respect to such requested reports.

32.6 Lessee shall furnish Lessor, within ten (10) days of receipt but at least five (5) days prior to the earliest date on which Lessee is required to take any action with respect thereto or would suffer any adverse consequence, a copy of any Third Party Payor or other licensing or accreditation or ranking agency or entity survey, report, warning letter, or notice, and any statement of deficiencies that will include that will include a deficiency score of "G" or higher, or includes a deficiency score of "substandard quality of care" (as that term is defined in Part 488 of 42 C.F.R.), and within the time period required by the particular agency for furnishing a plan of correction also furnish or cause to be furnished to Lessor a copy of the plan of correction generated from such survey, report, warning letter, or notice for Lessee and by subsequent correspondence related thereto, and correct or cause to be corrected any deficiency, the curing of which is a

condition of continued licensure or of full participation in any Third Party Payor program by the date required for cure by such agency or entity (plus extensions granted by such agency or entity).

32.7 Monthly Financial Statements. Lessee will provide to lessor as soon as available, and in any event within forty five (45) days after the end of each month (i) monthly and year-to-date operating statements (including capital expenditures) prepared for each month, noting net operating income, gross income from operations, and operating expenses, and (ii) upon Lessor's reasonable request, other information necessary and sufficient to fairly represent the financial position and results of operation of the Facility during such calendar month, all in form satisfactory to Lessor using its reasonable discretion.

32.8 Quarterly Financial Statements. Lessee will provide to lessor as soon as available, and in any event within forty five (45) days after the end of each quarter (i) quarterly and year-to-date operating statements (including capital expenditures) prepared for each quarter, noting net operating income, gross income from operations, and operating expenses, and (ii) upon Lessor's reasonable request, other information necessary and sufficient to fairly represent the financial position and results of operation of the Facility during such quarter, all in form satisfactory to Lessor using its reasonable discretion.

32.9 As soon as available, and in any event within one hundred twenty (120) days after the end of the fiscal year (i) a copy of the annual report of the Lessee for such fiscal year containing balance sheets and statements of profits and losses, and cash flow as at the end of such fiscal year and for the fiscal year then ended, in each case setting forth in comparative form the figures for the preceding fiscal year (except in the case of the first fiscal year), all in reasonable detail and prepared in accordance with GAAP; (ii) individual operating statements for the Facility at the Premises; and (iii) an officer's certificate of Lessee certifying that each annual financial statement presents fairly the financial condition and the results of operations of the Lessee and each subsidiary being reported upon and that such financial statements have been prepared in accordance with GAAP and as of the date thereof whether there exists an Event of Default hereunder and if such Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same. To the extent such statements are required by Law to be audited, audited statements shall be provided in each case.

32.10 Lessee will furnish Lessor, within five (5) days after the end of each calendar month, with a true, complete and correct Occupancy Report, Payor Mix and Case Mix Index.

32.11 At Lessor's request and accounts receivable aging.

32.12 For each fiscal year commencing after the date hereof, Lessee shall submit to Lessor for informational purposes only an Annual Budget for the Facility not later than fifteen (15) days after the commencement of such fiscal year in Lessee's then current form.

32.13 Promptly after receipt thereof, copies of all reports (including, without limitation, audit reports and so-called management letters) or written comments submitted to the Lessee by independent certified public accountants in connection with any annual, interim or special audit in respect of the financial statements or the accounts of the Lessee made by such accountants.

32.14 As soon as available and in any event within fifteen days of filing, Lessee's federal, state and local tax returns, if and as applicable, as soon as said returns are completed in the form said returns will be filed with the Internal Revenue Service and any state or local department of revenue or taxing authority.

32.15 Copies of all operating licenses and certificates which shall be updated not less than twenty (20) days prior to the expiration date thereof.

32.16 Notice of the occurrence of an Event of Default.

32.17 Such other information respecting the condition or operations, financial or otherwise, of Lessee as Lessor may from time to time reasonably request, or as is required to be furnished by Lessor to any and all lenders pursuant to the terms of any and all loan agreements and/or mortgages to which Lessor and/or the Leased Premises are currently or may hereafter be bound, including, without limitation, annual public aid rate updates, monthly accounts receivable aging reports, cost reports, annual survey reports and budget and cash flow projections.

ARTICLE XXXIII - LICENSURE/TERMINATION

33.1 Lessee shall conduct its operations at the Facility at all times, at a minimum, in a manner consistent with or better than Governmental Authority requirements and, in connection therewith, Lessee shall;

(a) endeavor to maintain a reasonable level of care for the residents of the Facility at all times and shall maintain the standard of care at a level necessary to ensure a level of quality of care for the residents of the Facility in material compliance with Health Care Law;

(b) maintain a standard of care in the storage, use, transportation and disposal of all medical equipment, medical supplies, medical products or gases, and medical waste, of any kind and in any form, that is in material compliance with all Applicable Laws;

(c) operate the Facility in a prudent manner in material compliance with Applicable Laws and cause all Health Care Licenses, the CON, reimbursement or care contracts, and any other agreements necessary for the certification, licensure, accreditation or operation of the Facility; and as may be necessary for participation in each of the Third Party Payor reimbursement programs to remain in effect without reduction in the number of licensed beds or beds authorized for use in each of the Third Party Payor reimbursement programs;

(d) not take or permit action which will result in a material reduction, suspension, denial or elimination of reimbursement for services from, or material recoupment by, any Third Party Payor that would materially adversely affect Lessee;

(e) not take any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor, or scope of the Health Care Licenses or applicable Third Party Payor reimbursement program participation that would materially adversely affect Lessee and not transfer any rights thereunder to any other location or entity without the express written permission of Lessor which may be granted or denied in Lessor's sole discretion.

33.2 Lessee shall not assign, transfer, or pledge as collateral security any of its interest in any Health Care Licenses, CONs or Third Party Payor payment or reimbursement contracts (including rights to payment thereunder) pertaining to Lessee or the Facility, or assign, transfer or remove or permit any other Person to assign, transfer, or remove any records pertaining to the Facility, including, without limitation, resident records, medical and clinical records (except for removal of such patient resident records as directed by the patients or residents owning such records), without Lessor's prior written consent, which consent may be granted or refused in Lessor's sole discretion; provided that Lessee may, to the extent permitted by Applicable Law and upon prior written notice to Lessor (except for resident records, medical and clinical records which are required in the day to day care of the residents), hold such records at the Facility or such other location of the Lessee, the location of which shall be disclosed to the Lessor. Lessee shall hold such Health Care Licenses and CONs (to the extent owned by Lessee) free from restrictions or known conflicts that would materially impair the use or operation of the Facility as intended, and are not provisional, probationary or restrictive in any way.

33.3 Lessee shall ensure that the number of licensed beds for residents of the Facility is not decreased without the prior written consent of Lessor.

33.4 Lessee hereby represents, warrants and certifies to Lessor, as of the Commencement Date or from and after the Commencement Date, as applicable, as follows:

(a) All Health Care Licenses, required, necessary or desirable for the legal use, occupancy and operation of the Facility have been obtained and are in full force and effect, including, without limitation, approved provider status in any Third Party Payor payment or reimbursement program and a valid CON or similar certificate, license, or approval issued by the applicable Governmental Authority, as applicable for the requisite number of beds at the Facility. Lessee possesses, and holds free from restrictions or conflicts with the rights of others all such Health Care Licenses, and will operate or shall cause the Facility to be operated in a manner such that such Health Care Licenses shall remain in force and effect.

(b) The Health Care Licenses, including the CON, may not be and have not been transferred to any location other than the Facility, have not been pledged as collateral security, and are held free from restrictions or known conflicts that would materially impair the use or operation of the Facility as intended, and are not provisional, probationary or restricted in any way.

(c) Neither Lessee nor the Facility have taken or will take any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor, or scope of the Health Care License or applicable Third Party Payor payment or reimbursement program participation.

(d) The Facility is duly licensed as required under Applicable Laws of the State in which the Facility is located. The licensed bed capacity of the Facility is as set forth herein. The Lessee has not applied to reduce the number of licensed or certified beds of the Facility, to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location, or to amend or otherwise change the Facility's authorized bed capacity and/or the number of beds approved by the applicable Governmental Authority in the State where the Facility is located, and there are no proceedings or actions pending or, to Lessee's knowledge, contemplated to reduce the number of licensed or certified beds of the Facility,

(e) Lessee is in material compliance with the requirements for participation in the Medicare and Medicaid Programs with respect to the Facility that currently participates in such programs, including the Medicare and Medicaid Patient and Program Protection Act of 1987, and has a current provider agreement under Title XVIII and/or XIX of the Social Security Act, which is in full force and effect.

(f) To the best of Lessee's knowledge, Lessee is not a target of, participant in, or subject to any action, proceeding, suit, audit, investigation or sanction by any Governmental Authority or any administrative or investigative body or entity or any other third party or any patient or resident (including, without limitation, whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicaid/Medicare/State fraud/abuse laws) which may result, directly or indirectly, or with the passage of time, in the imposition of a fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of any reimbursement from any Governmental Authority or Third Party Payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Health Care License, or affect Lessee or the Facility's current participation in any Third Party Payor program, as applicable or any successor programs thereto, at current rate certification, nor has Lessee any such action, proceeding, suit, investigation proceeding or audit been threatened.

(g) There is no threatened or pending revocation, suspension, termination, probation, restriction, limitation, or non-renewal affecting Lessee or the Facility or provider agreement with any Third Party Payor.

(h) There are no agreements with residents of the Facility, or with any other persons or organizations, which deviate in any material adverse respect from, or which conflict with, any Applicable Laws. Lessee has in place policies and procedures to maintain all resident records at the Facility, including patient and/or resident account records, in accordance with Applicable Laws and professional standards.

(i) All Third Party Payor insurance cost reports and financial reports submitted by or on behalf of Lessee, the Facility will be materially accurate and complete and will not be misleading in any material respects.

33.5 Lessee acknowledges and agrees that as between Lessor and Lessee, to the extent permitted by Applicable Law, Lessor is and shall always be the holder and owner of the certificate

of need and the owner of all certificate of need rights under Applicable Law authorizing and permitting the use of the Demised Premises as a Facility (collectively, the "CON") and Lessee hereby waives and releases any right, title or interest Lessee may now or hereafter have in the CON and covenants and agrees that it will never own, hold or otherwise claim any interest in the CON, which CON will not under any circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, or by contract or implication, ever be assigned, transferred or conveyed to Lessee and Lessee shall under no circumstances be permitted to transfer the rights associated with the Facility to care for patients or residents to any other location.

33.6 Licenses, certificates or permits, trade names, reservations or allocations held in the name of Lessee, an agent or representative of Lessee, or a Facility (except those described in subsection (a) above), which relate to the operation of the nursing home business in the Demised Premises, and the name of the Facility, as then known to the general public shall upon Lessor's written request from and after termination of this Lease, be assigned by Lessee to a replacement licensed operator of the Facility and/or, or a subsequent lessee identified by Lessor, including without limitation its provider agreements and provider numbers to the extent permitted by Applicable Law and to the extent permitted by the terms of such licenses, certificates or permits, trade names, reservations or allocations. If Lessee fails to make or refuses to recognize the assignment of any licenses, permits or certificates, trade names, reservations or allocations referred to herein, this provision of this Lease shall constitute an act of assignment to the replacement licensed operator and/or lessee identified by Lessor to the extent such assignment is permitted by Applicable Law and to the extent such assignment is permitted by the terms of such licenses, certificates or permits, trade names, reservations or allocations.

33.7 The present number of beds utilized in the Premises or any rights to additional beds as a result of the existence of the Facility shall not be transferable by Lessee to others or to other locations unless approved in advance by Lessor in writing, which approval may be tendered or refused at Lessor's sole discretion.

33.8 Lessee shall not and shall not allow any Person to abandon or surrender any licenses, permits, certificates or authorizations required for or which relate to the operation of the Demised Premises as a nursing home facility without prior notice to, and receipt of written approval from, Lessor. Lessee shall not and shall not allow any Person to act or fail to act in any manner which will cause any licenses, permits or certificates to be revoked or not renewed by any Governmental Authority having jurisdiction thereof and/or act or fail to act in a manner which jeopardizes the same.

33.9 Lessee shall not permit itself to be in the condition or engage in the conduct set forth in this paragraph. If Lessee files for bankruptcy, becomes insolvent, permits itself to become subject to any action seeking the appointment of a trustee, receiver, liquidator, custodian or similar official of Lessee or a substantial part of its assets, permits itself to become subject to any action of involuntary receivership, fails to pay its debts as they become due, or takes any corporate action to authorize any of the foregoing, Lessee acknowledges and agrees, as permitted by Applicable Law, that any such proceedings or similar proceedings shall have no impact on the CON, and the CON shall be and remain at all times the property of Lessor. Lessee shall not take any steps or act in a manner that could reasonably be expected to have an adverse effect on Lessor's CON or that

would prevent Lessor from the full enjoyment of its CON. The provisions of Article 33 hereof shall survive the expiration or earlier termination of this Lease.

33.10 Upon termination of this Lease (whether by reason of default, the natural expiration of the Term of otherwise), the following provisions shall be applicable:

(a) Upon the expiration or other termination of this Lease, Lessee shall return to Lessor the Demised Premises and the Personal Property in a condition similar to that which existed on the Commencement Date, licensed by New Jersey Department of Health and by any governmental agencies having jurisdiction over the Demised Premises with at least 210 licensed skilled nursing facility beds (subject to any reduction in the number of licensed beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attribute of the improvements on the Demised Premises or eminent domain proceedings as described in Section 16.2), reasonable wear and tear excepted, and free of liens or encumbrances arising through Lessee except for tax liens for current general real estate taxes or special assessments, personalty leases and other expenses incurred in the ordinary course of business which shall be prorated, and liens disclosed on Exhibit B hereto.

(b) Lessor shall keep and shall not be obligated to return to Lessee any Base Rent paid by Lessee; provided that in the event this Lease terminates or expires during a calendar month, Lessee shall receive its prorated portion of Base Rent for the period that this Lease was not in effect. Lessee shall not be obligated to account or pay to Lessor any earnings or income earned from the Commencement Date to the termination date. Lessee shall pay all bills incurred in the ownership of the Demised Premises and operation of the Facility from the Commencement Date through the termination date, and shall receive and keep all income and suffer all losses incurred in the ownership of the Demised Premises and operation of the Facility from the Commencement Date through the termination date.

(c) During the period from the Commencement Date to the termination date:

(i) Lessee shall be responsible for the payment of all real estate taxes in accordance with the provisions of Article VI hereof;

(ii) Lessee shall maintain all required insurance and Lessee shall be liable for payment of and shall pay the premiums thereon; and

(iii) In case of termination, Lessee shall be liable to return to Lessor, the Demised Premises and all Personal Property in a condition similar to that which existed on the Commencement Date, reasonable wear and tear excepted, and free of liens or encumbrances arising through Lessee except for tax liens for current general real estate taxes or special assessments, which shall be prorated to the termination date, and except as to consumable items to the extent of consumption thereof, which, as consumed, will be replenished by Lessee, in the ordinary course of business.

(d) Upon termination of this Lease, the parties will request any necessary inspections by governmental agencies upon the return of the Demised Premises to Lessor. Lessee agrees that it will cure any violations found involving the Demised Premises or Personal Property. Lessee agrees to execute such documents and take such actions as may be required in order to restore Lessor to ownership and possession of the Demised Premises and the Personal Property, including, without limitation, execution of any assignment or change of ownership documents required to license Lessor or its assignee to operate the Facility.

(e) Lessee shall keep and maintain medical records in accordance with applicable law and permit reasonable access and copy thereof by Lessor in accordance with such law, and to the extent permitted by law.

(f) Lessee shall keep and maintain such financial and operational records (including, without limitation, cost reports/contracts) as are required for the operation of the business under Applicable Laws.

33.11 In the event of any Lessor Default, Lessee may, if it so elects, and with notice of such election to Lessor, terminate this Lease and shall have no further obligations to Lessor, such termination to be effective upon surrender of possession of the Demised Premises and Personal Property to Lessor. Lessee shall surrender possession of the Demised Premises and Personal Property within ninety (90) days of providing such notice to Lessor.

ARTICLE XXXIV - CONDITIONS PRECEDENT AND CONCURRENT TO CLOSING

34.1 The following shall be conditions precedent to Lessee's obligation to proceed with this Lease:

(a) Lessee shall obtain and possess, all necessary approvals, certifications and licenses from all appropriate governmental agencies necessary to permit Lessee to operate the Facility as a skilled nursing facility, including, without limitation, the License permitting Lessee to operate the Facility with at least 210 licensed skilled nursing beds;

(b) Lessor shall not be in material breach of any term, provision or condition of this Lease;

(c) Lessor shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements hereunder; and

(d) All schedules and exhibits to this Lease prepared by Lessor shall be true, complete and correct in all material respects.

34.2 The following shall be conditions precedent to Lessor's obligation to proceed with this Lease:

(a) Lessee shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements hereunder;

(b) Lessor shall have acquired ownership of the Facility; and

(c) Lessee shall not be in material breach of any term, provision or condition of this Lease.

34.3 Notwithstanding anything contained in Section 34.1 to the contrary, Lessee may in its sole discretion waive any conditions precedent or conditions concurrent contained in Section 34.1.

34.4 Notwithstanding anything contained in Section 34.2 to the contrary, Lessor may in its sole discretion waive any conditions precedent or conditions concurrent contained in Section 34.2.

34.5 Except as otherwise provided in this Lease, in the event that any of the conditions precedent are not satisfied as of the Commencement Date, Lessee's or Lessor's sole and exclusive remedy hereunder shall be to terminate this Lease, in which event, Lessor shall refund any monies paid by Lessee to Lessor with respect to this Lease.

34.6 The parties acknowledge that in the event that during the Due Diligence Period the Lessee shall for any reason or no reason determines not to proceed with this Lease, the Lessee shall give the Lessor written notice (at least one (1) business day in advance of the expiration of the Due Diligence Period) of its intention to cancel this Lease, in which event this Lease shall be cancelled, terminated and of no further force and effect and the parties shall have no further rights or obligations hereunder.

ARTICLE XXXV - MISCELLANEOUS

35.1 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.

35.2 All payments to be made by the Lessee hereunder (other than Base Rent), whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in the event of a default of payment when due, Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent.

35.3 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.

35.4 Lessor and Lessee agree that, at the request of either party, this Lease, or a memorandum of the terms hereof, may be recorded, to be filed in the real property records of the county in which the Demised Premises are located.

35.5 Lessee represents that it did not deal with any broker in connection with this Lease, and hereby indemnifies Lessor against the claims or demands of any broker claimed through a relationship with Lessee. Lessor represents that it did not deal with any broker in connection with this Lease, and hereby indemnifies Lessee against the claims or demands of any broker claimed through a relationship with Lessor.

35.6 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.

35.7 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 twice the last Rent specified.

35.8 All notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered (i) upon the delivery (or refusal to accept delivery) by personal delivery, messenger or overnight express delivery service (or, if such date is not on a business day, on the business day next following such date), (ii) on the third (3rd) business day next following the date of its mailing by certified mail, postage prepaid, at a post office maintained by the United States Postal Service, or (iii) by electronic mail transmission, addressed as follows:

If to Lessor:

If to Lessee:

180 Sylvan Avenue, Suite 4-Floor 2
Englewood Cliffs, NJ 07632
Attn: Mark Friedman

555 Chestnut Ridge Road
Woodcliff Lake, New Jersey 07677
Attn: Nathan Friedman

with a copy to:

with a copy to:

Rosenbaum & Associates, P C.
4 Canaan Circle
South Salem, NY 10590
Attn: Tara Rosenbaum

or such other address that any party designates to the other by written notice given in the manner stated above. Any notice sent by electronic mail shall be deemed delivered upon transmission, so long as said transmission is evidenced by proof of said transmittal and sent before 5:00 p.m. local

time at the place of the recipient and if sent after 5:00 p.m. shall be deemed delivered on the next business day. Notices from counsel to Lessor shall for all purposes hereunder constitute notice from Lessor. Notices from counsel to Lessee shall for all purposes hereunder constitute notice from Lessee.

35.9 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 section may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the Demised Premises or of this Lease.

35.10 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.

11Any reference herein to the expiration of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

35.12 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.

35.13 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, accompanied by the written consent of the Lender. This Lease cannot be changed orally or terminated orally.

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

35.15 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. "Any" or "any" shall mean "any and all"; "or" shall mean "and/or"; "including" shall mean "including, but not limited to".

35.16 This Lease may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

35.17 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.

35.18 This Lease shall be construed in accordance with the laws of the State of New Jersey without regard to conflict of laws principles.

35.19 The parties hereto agree that with respect to all disputes, problems or claims arising out of or in connection with this Lease and all other agreements or other instruments executed in connection herewith, including and any claim for indemnification by either of the parties hereto (collectively, "Disputes"), the parties hereto shall, in good faith, use their reasonable best efforts to resolve the Dispute. If after such efforts the parties hereto are unable within ten (10) days of the arising of the Dispute to resolve the Dispute in good faith, the parties shall use best efforts to use a mutually agreed upon arbitrator (the "Arbitrator"). In the event the parties are unable to mutually agree upon the Arbitrator, within fifteen (15) days of the arising dispute then either party may submit to final and binding arbitration before the American Arbitration Association ("AAA"), or its successor, pursuant to the Federal Arbitration Act, 9 U.S.C. Sec. I et seq. In the event AAA is utilized: (a) the parties hereto agree that the rules of the American Arbitration Association applicable to commercial arbitrations shall apply to any such arbitration and that the Expedited Procedures under the Commercial Arbitration Rules shall apply, (b) either party may commence the arbitration process called for in this Lease by filing a written demand for arbitration with AAA, with a copy to the other party, and (c) the arbitration will be conducted in accordance with the provisions of AAA Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration. The parties will cooperate with either the Arbitrator or AAA, as applicable, and with one another in selecting an arbitrator from a panel of neutrals, and in scheduling the arbitration proceedings. The provisions of this Section 35.19 with respect to the arbitration before either the Arbitrator or AAA may be enforced by any court of competent jurisdiction (subject to the provisions of Section 35.20 of this Lease), and the parties agree that any such enforcement action shall be brought in courts of competent jurisdiction having situs in the location of the Demised Premises and fully submit to the jurisdiction of any such courts and the parties seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the parties against whom enforcement is ordered. The fees and expenses of such arbitration shall be borne by the non-prevailing party, as determined by such arbitration. Upon the mutual agreement of the parties involved in the Dispute, the parties may submit to final and binding arbitration before any other recognized alternative dispute resolution company or organization. Any arbitration hereunder shall be conducted by each party choosing one arbitrator and the two chosen arbitrators choosing a third arbitrator. The parties hereto agree that this Section 35.19 has been included to rapidly and inexpensively resolve any disputes between them with respect to the matters described above, and that this paragraph shall be grounds for dismissal of any court action commenced by any party with respect to a dispute arising out of such matters.

35.20 It is expressly understood and agreed that except as otherwise expressly provided herein, this Lease shall not be construed as creating any personal liability whatsoever against

any member, officer, director, shareholder or agent of Lessor and/or of Lessee and in particular without limiting the generality of the foregoing, there shall be no personal liability to pay any obligations set forth herein or to perform any covenant, either expressed or implied, herein contained, and that, except as otherwise provided herein, all personal liability of any member, officer, director, shareholder or agent of Lessor and/or of Lessee of every sort, if any, is hereby expressly waived by the other party hereto.

35.21 The term "Knowledge" as used herein shall be deemed to mean the best of a Person's knowledge, and of the principals, officers and agents of such Person. Any fact or circumstance that a Person and their principals, officers or agents reasonably should know assuming commercially reasonable best efforts were utilized, shall be deemed the Knowledge of such Person. The term "commercially reasonable best efforts" shall mean the efforts that a commercially reasonable Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as reasonably practicable, provided, however, that a Person required to use commercially reasonable best efforts under this Lease will not thereby be required to take any action that would result in a material adverse change in the benefits to such Person of this Lease or the transactions contemplated hereby or to make any change in its business, incur any extraordinary fees or expenses or incur any other material burden. "Person" shall mean any individual, partnership (general and/or limited), association, corporation, limited liability company, trust, joint venture or other legal entity of any and every nature whatsoever.

35.22 Notwithstanding anything set forth herein to the contrary, Lessee shall comply with any and all requirements set forth in any and all Loan Documents, including any and all financial covenants, as if the same were set forth herein verbatim.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized so to do on behalf of each of them respectively the day and year first above written.

LESSOR: PARK RIDGE NJ
PROPERTY LLC, a New Jersey
limited liability company

By: Mark Friedman
2AE8DCB0DF244C5...

Name: Mark Friedman

Its: Manager

LESSEE: FAMILY OF CARING
AT PARK RIDGE LLC, a New
Jersey limited liability company

By: Nathan Friedman
47CF5573E2614FD...

Name: Nathan Friedman

Its: Manager

Park Ridge

Rent Start Date:

SNF

Year 1:	Rent	
	\$	3,600,000

June 29th, 2022

Year 2:	Rent	
	\$	3,600,000

June, 1st, 2023

Year 3:	Rent	
	\$	4,000,000

June, 1st, 2024

Year 4/onward Annual Increases:

1.50%

Year 4	\$	4,060,000	<u>June, 1st, 2025</u>
Year 5	\$	4,120,900	<u>June, 1st, 2026</u>
Year 6	\$	4,182,714	<u>June, 1st, 2027</u>
Year 7	\$	4,245,454	<u>June, 1st, 2028</u>
Year 8	\$	4,309,136	<u>June, 1st, 2029</u>
Year 9	\$	4,373,773	<u>June, 1st, 2030</u>
Year 10	\$	4,439,380	<u>June, 1st, 2031</u>
Year 11	\$	4,505,970	<u>June, 1st, 2032</u>
Year 12	\$	4,573,560	<u>June, 1st, 2033</u>
Year 13	\$	4,642,163	<u>June, 1st, 2034</u>
Year 14	\$	4,711,796	<u>June, 1st, 2035</u>
Year 15	\$	4,782,473	<u>June, 1st, 2036</u>
Year 16	\$	4,854,210	<u>June, 1st, 2037</u>
Year 17	\$	4,927,023	<u>June, 1st, 2038</u>
Year 18	\$	5,000,928	<u>June, 1st, 2039</u>
Year 19	\$	5,075,942	<u>June, 1st, 2040</u>
Year 20	\$	5,152,081	<u>June, 1st, 2041</u>
Year 21	\$	5,229,363	<u>June, 1st, 2042</u>
Year 22	\$	5,307,803	<u>June, 1st, 2043</u>
Year 23	\$	5,387,420	<u>June, 1st, 2044</u>
Year 24	\$	5,468,231	<u>June, 1st, 2045</u>
Year 25	\$	5,550,255	<u>June, 1st, 2046</u>
Year 26	\$	5,633,509	<u>June, 1st, 2047</u>
Year 27	\$	5,718,011	<u>June, 1st, 2048</u>
Year 28	\$	5,803,781	<u>June, 1st, 2049</u>
Year 29	\$	5,890,838	<u>June, 1st, 2050</u>
Year 30	\$	5,979,201	<u>June, 1st, 2051</u>

**NO POST-CLOSING
MANAGEMENT AGREEMENT**

RELATED OWNERSHIP

	Medicare Provider #
Advanced Subacute Rehabilitation Center at Sewell LLC	31-5516
685 Salina Road	
Sewell, NJ 08080	
856-468-2500	
Barnert Subacute Rehabilitation Center LLC	31-5507
680 Broadway Suite 301	
Paterson, NJ 07514	
973-754-0999	
Dellridge Health & Rehabilitation Center LLC	31-5129
532 Farview Ave	
Paramus, NJ 07652	
201-265-5600	
Family of Caring Healthcare at Montclair, LLC	31-5435
42 N. Mountain Ave	
Montclair, NJ 07042	
973-783-9400	
Family of Caring Healthcare at Ridgewood, LLC	31-5434
304 S. Van Dien Ave	
Ridgewood, NJ 07450	
201-445-8200	
Woodcliff Lake Health and Rehab Center LLC	31-5133
555 Chestnut Ridge Road	
Woodcliff Lake, NJ 07677	
201-391-0900	
Family of Caring Healthcare at Tenafly, LLC	31-5164
133 County Road	
Tenafly, NJ 07670	
Family of Caring at Teaneck, LLC	waiting on CHOW
1104 Teaneck Road	
Teaneck, NJ 07666	