

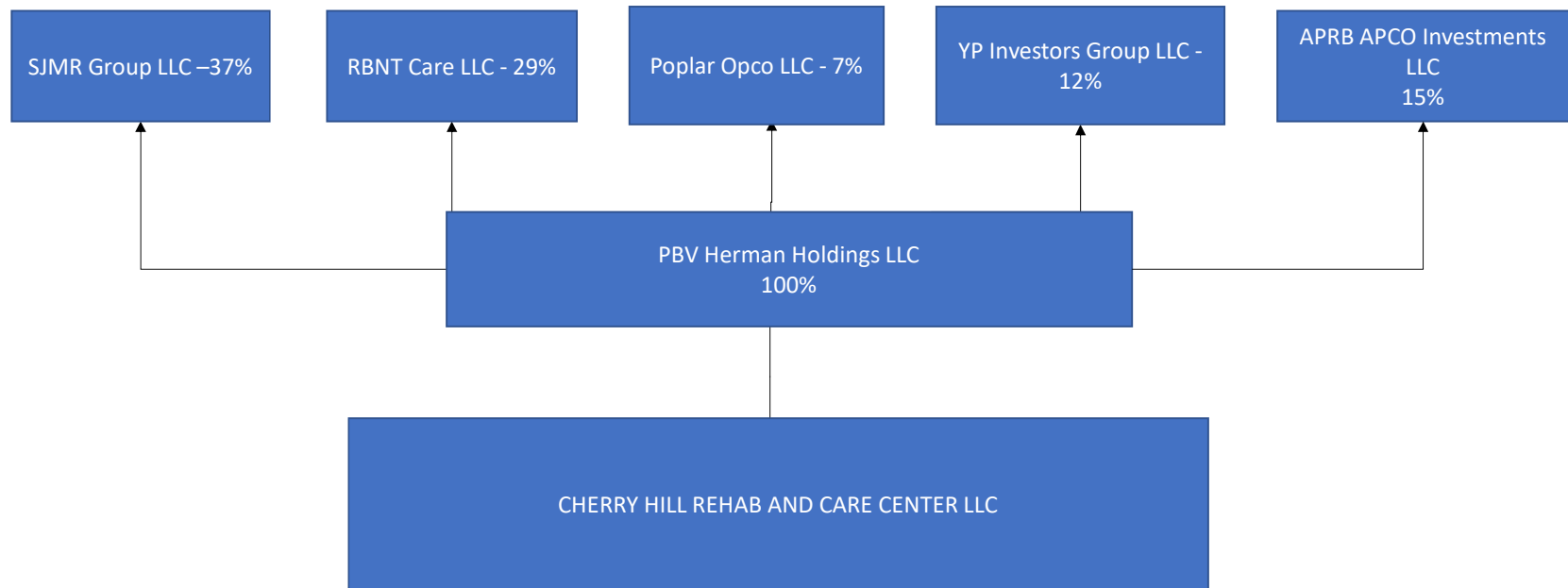
APPLICATION SUMMARY

Date application filed:	4/3/2024
Name of facility:	Dwellside Care and Rehab
License number:	060402
Address:	3025 Chapel Avenue West, Cherry Hill, NJ 08002
County:	Camden
Project Description:	This project involves the Transfer of Ownership of the building and operations of Dwellside Care and Rehab located in Camden County.
Licensed capacity:	162 LTC
Current Licensed Owner:	Cherry Hill Rehab and Care Center LLC
Proposed Licensed Owner:	3025 Chapel Avenue Opco LLC
Proposed Management Company (if applicable):	N/A
Ownership of Management Company(if applicable):	N/A

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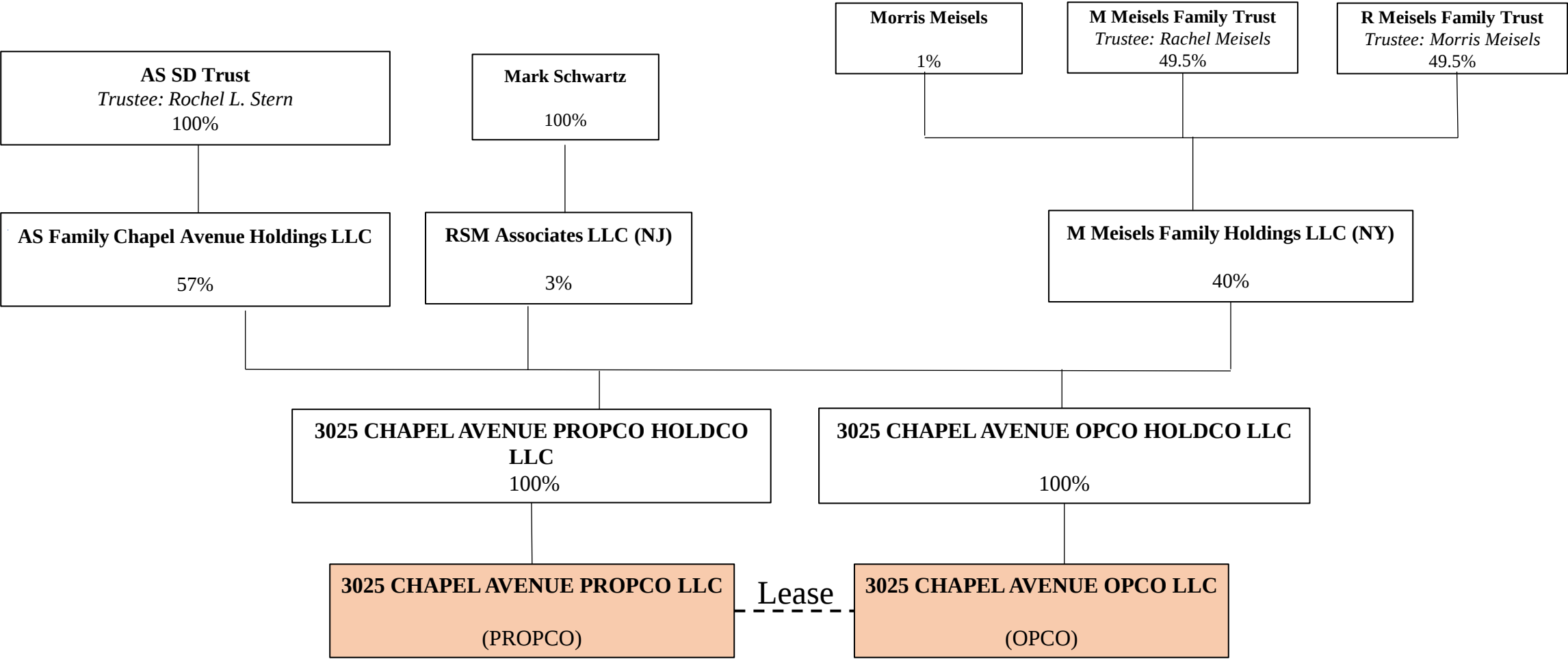
CURRENT OWNERSHIP

Organizational Chart for Cherry Hill Rehab and Care Center LLC



PROPOSED OWNERSHIP

Autumn Lake Healthcare at Cherry Hill



**List of Facilities Owned, Operated, or Managed by the
Principals of 3025 Chapel Avenue Opco LLC**

Rochel Stern

<u>Facility Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>License</u>
Autumn Lake Healthcare at Alice Manor	2095 Rockrose Ave	Baltimore	MD	21211	30003
Autumn Lake Healthcare at Arlington West Care Center	3939 Penhurst Avenue	Baltimore	MD	21215	30074
Autumn Lake Healthcare at Ballenger Creek	347 Ballenger Center Drive	Frederick	MD	21703	10002
Autumn Lake Healthcare at Beloit	2121 Pioneer Drive	Beloit	WI	53511	3061
Autumn Lake Healthcare at Berkeley Heights	35 Cottage St	Berkeley Heights	NJ	07922	062016
Autumn Lake Healthcare at Bradford Oaks	7520 Surratts Road	Clinton	MD	20735	16019
Autumn Lake Healthcare at Bridgepark	4017 Liberty Heights Ave	Baltimore	MD	21207	30022
Autumn Lake Healthcare at Bucks Hill	2817 North Main Street	Waterbury	CT	06704	2400
Autumn Lake Healthcare at Catonsville	16 Fusting Avenue	Catonsville	MD	21228	03018
Autumn Lake Healthcare at Cherry Lane	9001 Cherry Lane	Laurel	MD	20708	16033
Autumn Lake Healthcare at Chesapeake Woods	525 Glenburn Avenue	Cambridge	MD	21613	09010
Autumn Lake Healthcare at Crofton	2131 Davidsonville Road	Crofton	MD	21114	02011
Autumn Lake Healthcare at Cromwell	385 Main Street	Cromwell	CT	06416	2343
Autumn Lake Healthcare at Crystal Springs	200 Whitman Avenue	Elkins	WV	26241	17
Autumn Lake Healthcare at Glade Valley	56 West Frederick Street	Walkersville	MD	21793	10015

Autumn Lake Healthcare at Greenfield	5790 S 27th St	Milwaukee	WI	53221	2230
Autumn Lake Healthcare at Homewood	6000 Bellona Avenue	Baltimore	MD	21212	30016
Autumn Lake Healthcare at Loch Raven	8720 Emge Road	Baltimore	MD	21234	03044
Autumn Lake Healthcare at Long Green	115 East Melrose Avenue	Baltimore	MD	21212	30044
Autumn Lake Healthcare at New Britain	400 Brittany Farms Road	New Britain	CT	06053	2402
Autumn Lake Healthcare at Norwalk	34 Midrocks Drive	Norwalk	CT	06851	2401
Autumn Lake Healthcare at Oakview	2700 Barker Street	Silver Spring	MD	20910	15029
Autumn Lake Healthcare at Oceanview	2721 Route 9	Ocean View	NJ	08230	060505
Autumn Lake Healthcare at Parkville	8710 Emge Road	Baltimore	MD	21234	03056
Autumn Lake Healthcare at Perring Parkway	1801 Wentworth Road	Baltimore	MD	21234	03027
Autumn Lake Healthcare at Pikesville	7 Sudbrook Lane	Pikesville	MD	21208	03028
Autumn Lake Healthcare at Riverview	1 Eastern Blvd	Essex	MD	21221	03051
Autumn Lake Healthcare at Spa Creek	35 Milkshake Lane	Annapolis	MD	21403	02026
Autumn Lake Healthcare at Waugh Chapel	1221 Waugh Chapel Road	Gambrills	MD	21054	02010
Autumn Lake Healthcare Post Acute Care Center	5009 Frankford Avenue	Baltimore	MD	21206	30089
Carneys Point Rehabilitation and Nursing Center	201 Fifth Avenue	Penns Grove	NJ	08069	061702
Cumberland Manor Nursing and Rehabilitation Center	154 Sunny Slope Drive	Bridgeton	NJ	08302	060603 (sold as of 2022)

Lakeland Health Care Center	25 Fifth Avenue	Haskell	NJ	07420	061621 (sold as of 2022)
Golden Rehabilitation and Nursing Center	438 Salem-Woodstown Road	Salem	NJ	08079	061703
King David Nursing and Rehabilitation Center	4204 Old Milford Mill Road	Pikesville	MD	21208	03024
Lincoln Specialty Care Center	1640 South Lincoln Avenue	Vineland	NJ	08361	060607
Nella's at Autumn Lake Healthcare	499 Ferguson Road	Elkins	WV	26241	51
Resort at Oceanview	2721 Route 9	Ocean View	NJ	08230	05C201
Southgate Health Care Center	449 South Pennsville-Auburn Road	Carneys Point	NJ	08069	061706
Summer Hill Nursing Home	111 Route 516	Old Bridge	NJ	08857	061210
The Suites at Beloit	2122 Pioneer Drive	Beloit	WI	53511	0017474
The Suites at Greenfield	5790 S 27th St	Milwaukee	WI	53221	0016898
Autumn Lake Healthcare at Arcola	901 Arcola Avenue	Silver Spring	MD	20902	15030
Autumn Lake Healthcare at Glen Burnie	7355 Furnace Branch Road East	Glen Burnie	MD	21060	02016
Autumn Lake Healthcare at South Haven	2700 South Haven Road	Annapolis	MD	21401	02035
Autumn Lake Healthcare at Baltimore Washington	313 Hospital Drive	Glen Burnie	MD	21061	02014
Autumn Lake Healthcare at Overlea	6116 Belair Road	Baltimore	MD	21206	30021
Autumn Lake Healthcare at Patuxent River	14200 Laurel Park Drive	Laurel	MD	20707	16028
Autumn Lake Healthcare at Summit Park	1502 Frederick Road	Catonsville	MD	21228	03042

Autumn Lake Healthcare at Long View	3332 Main Street	Manchester	MD	21102	06006
Autumn Lake Healthcare at Oak Manor	3415 Greencastle Road	Burtonsville	MD	20866	15071
Autumn Lake Healthcare at Calvert Manor	1881 Telegraph Road	Rising Sun	MD	21911	07001
Autumn Lake Healthcare at Birch Manor	7309 Second Avenue	Sykesville	MD	21784	06007
Autumn Lake Healthcare at Braddock Heights	6012 Jefferson Blvd	Frederick	MD	21703	10005
Autumn Lake Healthcare at West Hartford	1 Emily Way	West Hartford	CT	06107	2485
Autumn Lake Healthcare at The Willows	225 Amity Rd	Woodbridge	CT	06525	2484
Autumn Lake Healthcare at Madison	34 Wildwood Ave	Madison	CT	06443	2486
Autumn Lake Healthcare at Voorhees	1086 Dumont Circle	Voorhees	NJ	08043	04007
The Subacute at Autumn Lake Healthcare	113 NJ-73	Voorhees	NJ	08043	158336

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<u>Facility Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>License</u>
Autumn Lake Healthcare at Arlington West Care Center	3939 Penhurst Avenue	Baltimore	MD	21215	30074
Autumn Lake Healthcare at Berkeley Heights	35 Cottage St	Berkeley Heights	NJ	07922	062016
Autumn Lake Healthcare at Bridgepark	4017 Liberty Heights Ave	Baltimore	MD	21207	30022
Autumn Lake Healthcare at Cherry Lane	9001 Cherry Lane	Laurel	MD	20708	16033
Autumn Lake Healthcare at Crofton	2131 Davidsonville Road	Crofton	MD	21114	02011
Autumn Lake Healthcare at Oceanview	2721 Route 9	Ocean View	NJ	08230	060505
Autumn Lake Healthcare at Pikesville	7 Sudbrook Lane	Pikesville	MD	21208	03028
Autumn Lake Healthcare Post Acute Care Center	5009 Frankford Avenue	Baltimore	MD	21206	30089
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Autumn Lake Healthcare at Braddock Heights	6012 Jefferson Blvd	Frederick	MD	21703	10005

NURSING HOME LEASE

THIS NURSING HOME LEASE (this "Lease") made as of January 26, 2024 (the "Effective Date"), by and between 3025 CHAPEL AVENUE PROPCO LLC, a New Jersey limited liability company ("Landlord"), and 3025 CHAPEL AVENUE OPCO LLC, a New Jersey limited liability company ("Tenant").

RECITALS:

WHEREAS, Landlord, is the owner of a leasable interest in the real property, which is more particularly described on Exhibit A attached hereto and made a part hereof (the "Real Property"), upon which is built and there is currently operating a licensed 162-bed nursing facility, including, without limitation, the license, nursing home bed operating rights, and certain other equipment and assets associated with the operation of the nursing facility, which is located at 3025 Chapel Avenue , Cherry Hill, New Jersey (the "Facility");

WHEREAS, Landlord desires to lease the Leased Premises (as hereinafter defined) to Tenant upon the terms, conditions and covenants herein contained, and Tenant desires to lease the Leased Premises from Landlord upon the terms, conditions and covenants herein contained;

NOW, THEREFORE, in consideration of the mutual covenants, agreement, promises, representations and warranties set forth herein and for such good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I INCORPORATION OF RECITALS

1.1 Incorporation of Recitals. The aforesaid Recitals are hereby incorporated into this Lease as if fully set forth herein. Landlord and Tenant are hereinafter collectively referred to as "Parties."

ARTICLE II LEASED PREMISES

2.1 Leased Premises. Landlord hereby leases to Tenant, and Tenant leases from Landlord, on the terms and conditions set forth in this Lease, the following assets:

(A) The Real Property, including all buildings, structures, improvements, appurtenances, easements and fixtures, including fixed machinery and fixed equipment situated thereon or forming a part thereof.

(B) To the extent the same are transferable, or that the interest therein may be assigned to and/or assumed by a third party, all of the right, title and interest in and to any license and/or Certificate of Need or exemptions therefrom that Landlord owns, necessary to operate the Facility, including 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") (collectively, the "Operating Rights").

(C) All machinery, trade equipment, trade fixtures, furniture, furnishings, computers, software, accessories and supplies of all kinds used in connection with the Facility and owned by Landlord.

(D) All patient records and medical records relating to patients residing at the Facility as of the Commencement Date.

(E) To the extent that the same are transferable, or that the interest therein may be assigned to and/or assumed by a third party, all other licenses, permits, certificates and franchises owned by Landlord necessary to operate the Facility.

(F) All of the right, title and interest of Landlord in and to all goodwill, registered or unregistered trademarks, trade or brand names, customer lists, data bases, service marks, phone numbers, website addresses and all other intellectual or intangible property pertaining to the Facility which shall be transferred back to Landlord or its designee upon expiration of this Lease.

(G) All existing agreements with residents of the Facility.

(All of the items listed in Sections 2.1(A) through 2.1(G) herein are hereinafter collectively referred to as the “Leased Premises.”)

2.2 Non-Assumption of Liabilities. Other than as set forth on Schedule 2.2., Tenant shall assume no liabilities of Landlord whatsoever, and the Leased Premises shall be subject to no encumbrances, conditions, restrictions, easements, charges, adverse claims, obligations or liabilities whatsoever except as existing of record as of the Effective Date (the “Permitted Encumbrances”).

ARTICLE III TERM, RENT AND HUD RESERVE

3.1 Term of Lease.

(A) Initial Term. The term of this Lease shall be for a period of ten (10) years commencing at 12:00:00 a.m. on the Effective Date (the “Commencement Date”), and ending at 11:59:59 p.m. on the date that is the 10 year anniversary of the Commencement Date (the “Initial Term”).

(B) Renewal Term. Tenant shall have the option to renew this Lease, under the terms and conditions set forth herein for one renewal term of ten (10) years (the “Renewal Term”) (the “Initial Term” and the “Renewal Term”, if applicable, are hereinafter collectively referred to as the “Term”). Tenant shall provide notice of its intent to renew or not renew this Lease no earlier than one hundred and eighty days (180) days and no later than one hundred and twenty (120) days prior to the expiration of the then-current term.

3.2 Rent.

(A) Amount. Tenant shall pay Landlord as base rent (the “Base Rent”) for the Initial Term, without deduction or setoff and without demand, the greater of the amount set forth on Exhibit B or the rent obligations of Landlord under any superior lease to which the Leased Premises is subject.

(B) Terms of Payment. Base Rent shall be considered payable in equal monthly installments during each calendar year on the first (1st) day of each calendar month. Rent for any period which is less than a calendar month, whether after the Commencement Date or after the termination of the Term, shall be prorated on a daily basis.

(C) Net Lease Provisions. Landlord and Tenant intend that the Base Rent herein specified shall be net to Landlord in each lease year during the Term, and that all costs, expenses and obligations of every kind relating to the Leased Premises (except Landlord’s income taxes and except as otherwise specifically provided in this Lease) which may arise or become due during the Term shall be timely paid by Tenant and that Landlord shall be indemnified by Tenant against such costs, expenses and obligations.

(D) Reserves. Base Rent shall be adjusted to include 105% of any additional amounts or reserves required by Landlord’s lender (“Lender”), if any, for real estate taxes, insurance, repairs, replacements or capital expenses.

ARTICLE IV UTILITIES AND TAXES

4.1 Utilities. Tenant shall pay or cause to be paid all charges for electricity, telephone, cable, gas, oil, water, sewer and all other such services or utilities used on or related to the Leased Premises during the Term. Tenant covenants to utilize its commercial best efforts to place all utilities in Tenant’s name as of the Commencement Date. In the event Landlord is billed directly by any utility company for any utilities or services supplied to Tenant during the Term, Landlord shall send Tenant the bill without any mark-up or surcharge of any kind whatsoever and Tenant shall promptly pay the same.

4.2 Taxes. Tenant shall be solely responsible for the payment at least five (5) days prior to delinquency of all general and special real estate taxes and assessments, including, without limitation, franchise fees (aka “bed taxes”), attributable to the Leased Premises from the Commencement Date through the Initial Term and any Renewal Term. Tenant shall be responsible for the payment of the full amount of any general and special real estate taxes (“Real Estate Taxes”) that become due and payable during the Term, prorated for any period relating prior to the Term, as follows: On the Commencement Date and at all times during the Term, Tenant shall escrow with Landlord or its lender three (3) months of Real Estate Taxes based upon the last available tax duplicate (the “Tax Escrow”). Further, at all times during the Term, Tenant shall pay to Landlord with monthly Base Rent 1/12 of Landlord’s estimate of the Real Estate Taxes due during the current lease year (“Monthly Tax Payments”), which Landlord shall use to pay Real Estate Taxes. To the extent that Real Estate Taxes are due and Tenant has not provided Landlord with sufficient Monthly Tax Payments to pay for such Real Estate Taxes (such deficiency being referred to herein

as a “Tax Deficiency”), Landlord may use the funds from the Tax Escrow to pay for such Tax Deficiency, upon which Tenant shall immediately provide additional funds in the amount of the Tax Deficiency to Landlord to replenish the Tax Escrow. Landlord may from time to time reasonably increase the amount of the Tax Escrow and its estimate of Real Estate Taxes based upon increases in the tax bill or as Landlord’s mortgage lender may require. If any governmental taxing authority acting under any present or future, ordinance or regulation, shall levy, assess or impose a tax, excise and/or assessment (other than an income or franchise tax) upon Tenant for rental payable by Tenant to Landlord, either by way of substitution for or in addition to any existing tax on land, buildings or otherwise, then Tenant shall be responsible for and shall pay such tax, excise and/or assessment or shall reimburse Landlord for the cost and expense thereof, as the case may be.

ARTICLE V MAINTENANCE AND REPAIR; IMPROVEMENTS

5.1 Maintenance and Repair. Tenant, at Tenant’s sole cost and expense, shall keep the Leased Premises, including all buildings, fixtures, trade equipment, trade fixtures, furniture and other personal property leased to Tenant pursuant to this Lease, including, without limitation, roof, foundation, all outer walls, plumbing, sprinklers, electrical, heating, ventilation, utility service, air conditioning and all other systems of the Leased Premises, in good condition and repair. Landlord shall not be responsible to make any repairs, maintenance or replacements whether occasioned by the act or negligence of Tenant and/or its agents, employees, invitees or licensees or otherwise, and Tenant shall pay for all improvements, repairs, replacements, maintenance and expenditures relating to the Leased Premises. The Leased Premises and its appurtenances shall at all times be kept in good order, condition, replacement and repair by Tenant, at Tenant’s sole cost and expense, except for ordinary wear and tear (provided, however that, without limiting the generality of this Section 5.1, Tenant shall be obligated to replace any non-structural portion of the Leased Premises upon any obsolescence thereof or if proper repair is impractical). All replacements made by Tenant hereunder shall be made in a good and workmanlike manner using the same or similar quality of materials as being replaced.

5.2 Improvements, Renovations, Alterations and Additions. Tenant shall have the right during the Term to make such non-structural interior alterations, changes and improvements to the Leased Premises as may be proper and necessary for the conduct of Tenant’s business, for resident comfort and safety and for the full beneficial use of the Leased Premises, so long as (i) such alterations are permitted by those certain loan documents (the “Loan Documents”) entered into in connection with the any loan on the Real Property obtained by Landlord (the “Loan”), and (ii) such Tenant improvements do not interfere with any of the purposes for which the Facility was leased or affect the roof or structure; provided, however, that Tenant shall make no structural alterations, changes, or improvements and shall make no roof penetration without express written approval in each instance by Landlord, which consent may be withheld in Landlord’s reasonable discretion. Notwithstanding the foregoing, Tenant shall make such non-structural interior alterations, changes and improvements to the Leased Premises as may be required to comply with all licensure and certification with respect to the Leased Premises and all applicable laws. Tenant shall make all structural interior alterations, changes and improvements to the Leased Premises as may be required to comply with all licensure and certification with respect to the Leased Premises and all applicable laws with Landlord’s prior written approval of all plans and specifications.

Tenant shall notify Landlord of any such permitted alterations, changes or improvements prior to the commencement thereof. Tenant 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, and shall assure Landlord, in form reasonably satisfactory to Landlord, that payment for the same will be made by Tenant. Tenant hereby completely and fully indemnifies Landlord 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 Tenant within fifteen (15) days after the same have been filed by payment, bonding or otherwise, as permitted by law. All capital improvements shall be the property of Landlord without compensation to Tenant.

5.3 Signage. All signs installed by Tenant shall comply with all requirements of appropriate governmental authority, and all necessary permits or licenses shall be obtained by Tenant. Tenant shall maintain all signs in good condition and repair at all times, and shall indemnify, protect, hold harmless and, at the option of Landlord, defend Landlord from injury to person or property, arising from the erection, installation and maintenance of said signs. Upon vacating the Leased Premises, Tenant shall remove all signs so installed by Tenant, but only if Landlord shall request such removal, and repair all damage caused by such removal.

5.4 Surrender. Tenant shall deliver up and surrender to Landlord (or Landlord's designee) possession of the Leased Premises, including all of Tenant's work (and all replacements thereof) and all fixtures permanently attached to the Leased Premises during the Term, upon the expiration of this Lease or its termination in any manner whatsoever, in as good condition and repair and in substantially similar form, character and manner as the same shall be on the Commencement Date, ordinary wear and tear excepted, (without compensation to Tenant) with permitted changes, improvements and additions during the Term as authorized herein, subject to no liens, encumbrances, charges, restrictions, conditions, limitations or claims whatsoever, and deliver the keys to the Leased Premises to Landlord's designee, or at the office of Landlord or Landlord's agent, as directed by Landlord. In addition, upon any such expiration or termination of this Lease, Tenant covenants and agrees to do such things and to take such action as may, from time to time, be necessary or appropriate to allow for DHS (as hereinafter defined) and/or any other governing authority to issue (and, with respect to any Medicare or managed care certification, to transfer) any applicable licenses, certificates, or permits to a designee of Landlord to allow for such designee to operate the Facility.

5.5 Condition of Leased Premises. Tenant has made a physical inspection of the Leased Premises and is taking the Leased Premises in their "AS IS", "WHERE IS" condition, and acceptance of possession of the Leased Premises on the Commencement Date shall be deemed an acknowledgment thereof by Tenant. Tenant acknowledges and agrees that Landlord is not making any representation, warranty or covenant whatsoever with respect to the condition of the Leased Premises, or any portion thereof, or their suitability for any particular purpose, and Tenant is relying solely on its inspection of the Leased Premises and due diligence investigations with respect thereto.

ARTICLE VI
INDEMNIFICATION; INSURANCE

6.1 Indemnification; Commercial General Liability, Malpractice and Umbrella Insurance. Tenant shall indemnify, defend and save Landlord free and harmless from and against any claims, losses, costs, damages or expenses (including reasonable attorneys' fees) for injury to or death of persons and/or loss or damage to property occasioned by, growing out of or arising from Tenant's use of the Leased Premises, Tenant's default hereunder or from any other act or omission of Tenant, its agents or employees. Throughout the Term, Tenant shall maintain with respect to the Leased Premises, comprehensive or commercial general liability, medical professional malpractice, business interruption, and umbrella policies of insurance reasonably satisfactory to Landlord; provided that such business interruption insurance coverage is sufficient to cover twelve (12) months of Tenant's operation. Such insurance may be carried with an insurance company, selected by Tenant and approved by Landlord, authorized to do business and admitted in New Jersey. Tenant shall deliver to Landlord a certificate of any policy of such insurance maintained by Tenant. Such policy shall contain a provision that the same cannot be reduced in coverage, nor cancelled, without thirty (30) days' prior written notice to Landlord. Said policy of insurance shall designate Landlord, and each of Landlord's lenders of whom Tenant has notice, as an additional insured.

6.2 Special Form Property Insurance. Landlord shall keep the Leased Premises (other than Tenant's leasehold improvements), insured for its full replacement value, insuring its risk of loss by fire, casualty and other hazards, covered by "all risk" fire insurance reasonably acceptable to Landlord and Landlord's mortgage lender, if any. The cost of maintaining such insurance shall be paid by Tenant to Landlord as additional rent hereunder. The proceeds of such insurance shall be disbursed to Landlord and, if Landlord is obligated or elects to repair or restore the damage to the Leased Premises, such proceeds shall be used by Landlord for such purposes; otherwise, such proceeds may be used as Landlord desires, without restriction, subject to the terms and conditions of Landlord's responsibilities with regard to damage to or destruction of the Leased Premises hereunder. Landlord's lender(s) shall be loss payee(s) on this policy and such additional loss payee coverage shall be at Tenant's expense. At all times during the Term, Tenant shall pay to Landlord with monthly Base Rent 1/12th of Landlord's estimate of the property insurance premium due for the current lease year which Landlord shall use to pay the insurance premium. Landlord may from time to time reasonably increase its estimate of the insurance premium based upon increases in the premium or as Landlord's mortgage lender may require.

6.3 Workers' Compensation. Tenant, at its sole cost and expense, shall at all times comply with the provisions of the workers' compensation law and shall insure its liability thereunder. Tenant acknowledges and agrees that Landlord is under no obligation to indemnify, defend or hold Tenant harmless for any change or increase in Tenant's workers' compensation or unemployment compensation rates or experience as a result of this Lease, or because Tenant is determined to be a successor employer for purposes of workers' compensation or unemployment compensation; Tenant hereby agreeing to assume all liability therefor.

6.4 Certificates of Insurance. Upon the Commencement Date of this Lease, Tenant shall furnish Landlord with appropriate certificates of insurance showing that each type of insurance required under this Article VI is in full force and effect and not cancellable or modifiable

without thirty (30) days' prior written notice to the other party. All insurance policies required hereunder shall designate Landlord, and each of Landlord's lenders, if any, as an additional insured or loss payee, as applicable. All insurance required herein shall remain in effect upon the expiration or earlier termination of this Lease.

6.5 Waiver of Subrogation. Landlord and Tenant hereby waive all rights of recovery for causes of action which either has or may have or which may arise hereafter against the other for any damage to the Leased Premises or the property or business of either of them or of anyone claiming through either of them, by way of subrogation or otherwise, caused by any of the perils coverable (whether or not covered) by a special form policy of property insurance or contents insurance (irrespective of whether or not such insurance coverage is in fact carried or obtained); or by any other insurance for damage to property carried by the party whose property was damaged; provided, however, that the foregoing waiver shall apply only if and to the extent that a waiver of subrogation for property damage is not prohibited in the State of New Jersey.

6.6 Tail Insurance. If, during the Term of the Lease, Tenant is covered by professional malpractice insurance on a "claims made" basis, Tenant shall procure and maintain, at Tenant's sole cost and expense, "tail" insurance coverage, in the amount of at least One Million Dollars (\$1,000,000.00) with a deductible of no more than Ten Thousand Dollars (\$10,000.00) for medical professional malpractice claims made after the termination of this Lease, but concerning services provided during the Term of this Lease.

6.7 Loan Requirements. Notwithstanding anything in this Article VI to the contrary, if required by Lender, Tenant shall pay to Landlord each month, as part of Rent and in accordance with Article III, an amount necessary to establish any insurance reserves as required by Lender and an amount necessary to pay all insurance premiums required by this Article VI and any attached schedules.

6.8 Superior Lease. To the extent this Lease is subject to any superior lease, then all indemnities and insurance provisions such forth in this Article VI for the benefit of Landlord shall also apply to and run to the benefit of any superior landlord, including naming such superior landlord as an additional insured in accordance herewith.

ARTICLE VII SECURITY

7.1 Access to Leased Premises. Subject to applicable laws governing resident rights and the privacy of residents' health information, Tenant shall permit Landlord and its agents to enter upon the Leased Premises at all reasonable times during ordinary business hours to inspect and examine the Leased Premises, and to inspect and copy any patient records, medical records, operating manuals, procedures manuals, training manuals, and other books and records concerning unemployment, workers' compensation, insurance, tax, and any other business issues and any information necessary for audit relating to cost reimbursement, collections, general financial matters, litigation, inquiries and related activities. Landlord shall make reasonable efforts not to materially interfere with or materially disrupt Tenant's business and use and enjoyment of the Leased Premises during any such inspection or examination.

7.2 Changes in Licensure and Certification Status. Tenant shall not change the licensure or certification status of the Facility without the prior written consent of Landlord and agrees to return to Landlord upon the expiration of the Lease, the Leased Premises including but not limited to all Operating Rights leased by Landlord to Tenant. Landlord and Tenant acknowledge and agree that the Leased Premises, including the licensed nursing home beds and the certification of such beds under Titles XVIII and XIX of the Social Security Act, was, and at all times under the terms of the Lease are, the sole and absolute property of Landlord, and Tenant shall have absolutely no right, title or claim of right whatsoever in and to the right to operate said nursing home beds; provided, however, that Landlord has permitted Tenant as a term of this Lease, to maintain licensure of the Leased Premises as the nominal licensed nursing home operator and Landlord has permitted all nursing home beds located at the Leased Premises to be in Tenant's name as licensed nursing home operator, but only during the Term and provided only as long as Tenant is not in default or otherwise in breach of this Lease. Upon any termination of this Lease or any breach or default by Tenant hereunder (which breach or default is not cured within any applicable grace period), Landlord shall have the sole, complete, unilateral, absolute and unfettered right to request the New Jersey Department of Health ("PDH") license to be reissued in Landlord or Landlord's designee's name upon application therefore to the DOH, and to further have the right to have any and all Medicare, Medicaid and any other provider and/or third party payor agreements issued in Landlord or Landlord's designee's name.

7.3 Reporting Obligations.

(A) During the Term, Tenant shall provide Landlord with the following reports, statements, and inspections:

- (1) Quarterly financial statements, which shall include A/R aging reports;
- (2) Quarterly census report;
- (3) Annual financial statements;
- (4) Copies of all surveys and inspection reports within ten (10) days of receipt;
- (5) Copy of cost reports as filed;
- (6) Copies of tax returns as filed by Tenant; and
- (7) Tenant shall immediately notify Landlord, and provide Landlord with copies, of all correspondence or notices from any governmental agency or other authority related to the licensure or certification status of the Facility, or the ability of Tenant to maintain its status as the licensed nursing home operator of the Leased Premises.

Tenant shall immediately notify Landlord in writing of any notice, action or other proceeding or inquiry of any governmental agency, bureau or other authority whether Federal, State, or local, of any kind, nature or description, which would adversely affect

the license or certification status of the Facility, or the ability of Tenant to maintain its status as the licensed nursing home operator hereunder. Tenant shall immediately upon Tenant's receipt, furnish Landlord with a copy of any and all such notices and Landlord shall have, at all times during any Term, the right to attend any such actions or proceedings. Tenant shall act diligently to correct any deficiency or deal effectively with any "adverse action" or other proceedings, inquiry or other governmental action, so as to maintain the licensure and certification status stated herein in good standing at all times. Tenant shall not agree to any settlement or other action with respect to such proceedings or inquiry which affects the use of the Leased Premises or any portion thereof as provided herein without the prior written consent of Landlord.

(B) During the Term, Tenant shall provide Landlord's current and future lender(s), banker(s), financial auditor(s) and other similar parties or entities with copies of any and all documentation and information requested by such parties, including, but not limited to, all financial statements, cost reports, reimbursement information, insurance claims, workers' compensation claims and wage reports related to the Facility or Tenant's operations therein.

7.4 Payment in the Ordinary Course. Tenant shall pay in full: (a) prior in each case to the date when penalties would attach, all taxes, assessments and governmental charges and levies (except only those so long as and to the extent that the same shall be contested in good faith by appropriate and timely proceedings and for which adequate reserves have been established in accordance with generally accepted accounting principles) for which Tenant may be or become liable or to which any or all of Tenant's properties may be or become subject; (b) all of Tenant's wage obligations to Tenant's employees in compliance with the Fair Labor Standards Act (29 U.S.C. 206-207) or any comparable provisions; (c) all obligations owed in connection with any claim, demand or notice of any overpayment received from Medicare, Medicaid or other third party payor; and (d) all of Tenant's obligations calling for the payment of money (except only those so long as and to the extent that the same shall be contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles) before such payment becomes overdue.

ARTICLE VIII PERSONAL PROPERTY

8.1 Landlord's Personal Property. Upon the expiration or termination of this Lease, Tenant shall leave the personal property of Landlord leased to Tenant under Section 2.1(C) hereof as repaired, rebuilt, replaced, restored, altered as permitted or required by provisions of this Lease (the "Landlord's Personal Property") in or on the Leased Premises, except for ordinary wear and tear. Any and all replacements of the personal property at the Facility made by Tenant shall become Landlord's Personal Property, and any and all security interests and finance statements cleared at Landlord's expense. Upon the expiration or earlier termination of this Lease, Tenant shall deliver complete and up-to-date records for the residents of the Facility to Landlord in a commonly-readable electronic format that may be employed in readily-available nursing home management or operational software. All agreements for third-party reimbursement or payment to the Leased Premises shall name Landlord, as a contracting party, and shall be transferred and assigned to Landlord upon termination or other expiration of the Lease.

8.2 Consumables. Within five (5) business days of the expiration or termination of this Lease, Landlord shall have the option to purchase or to cause a successor tenant to purchase, at cost, a maximum of seven (7) days' worth, of Tenant's consumable goods used or maintained in connection with the Facility, including but not limited to, food, cleaning materials and medical supplies.

ARTICLE IX INDEMNIFICATION

9.1 Tenant's Indemnification. During the Term of this Lease and after the surrender of the Leased Premises in accordance with Section 5.4 of this Lease, Tenant shall protect, defend, indemnify and hold harmless Landlord from and against any claims, losses, costs, penalties, damages, charges or expenses (including reasonable attorney's fees) imposed or resulting from, or attributable in whole or in part to any violation of any law, order of governmental agency or ordinance, whether occasioned by the intentional act or negligence of Tenant or those holding under Tenant, to the extent that such occurred during the Term, and that Tenant shall at all times protect, defend, indemnify and hold harmless Landlord from and against all claims, losses, costs, charges, damages or expenses arising out of or from any accident or other occurrence on or about the Leased Premises causing injury to any person or property whomsoever or whatsoever, and shall protect, defend, indemnify and hold harmless Landlord from and against any and all claims, losses, costs, charges, damages or expenses arising out of any failure of Tenant in any respect to comply with or perform all requirements and provisions of this Lease. Further, Tenant shall indemnify and hold Landlord harmless against any and all claims from any source for repayment audit liabilities, civil money penalties, or any other charges or expenses arising out of the operation of the Leased Premises during the Term.

9.2 Landlord's Indemnification. Landlord shall protect, defend, indemnify and hold harmless Tenant from and against any claims, losses, costs, penalty, damages, charges or expenses (including reasonable attorneys' fees) imposed or resulting from any, or attributable in whole or in part to violation of any law, order of governmental agency or ordinance, whether occasioned by the intentional act or neglect of Landlord or those holding under Landlord (but excluding any violation arising from Tenant's breach of this Lease), and that Landlord shall at all times, protect, defend, indemnify and hold harmless Tenant from and against all claims, losses, costs, charges, damages or expenses arising out of or from any accident or other occurrence on or about the Leased Premises on or before the Commencement Date causing injury to any person or property wheresoever or whatsoever, and shall protect, defend, indemnify and hold harmless Tenant from and against any and all claims, losses, costs, charges, damages or expenses arising out of any failure of Landlord in any respect to comply with or perform all requirements and provisions of this Lease.

9.3 Superior Lease. To the extent this Lease is subject to any superior lease, then all provisions such forth in this Article IX for the benefit of Landlord shall also apply to and run to the benefit of any superior landlord.

ARTICLE X
USE OF LEASED PREMISES

10.1 Compliance with Laws and Regulations. Tenant shall use the Leased Premises solely as a licensed nursing home and for no other purpose. Tenant shall attempt to acquire in its own name and shall maintain all licenses, certificates, permits, provider agreements and other authorizations and approvals needed to operate the Leased Premises as a nursing home, and Landlord hereby agrees to use commercially reasonable efforts to assist Tenant in connection therewith, including, but not limited to, providing any written notices and consents required by the DOH, the New Jersey Department of Human Services (“DHS”) and the Centers for Medicare and Medicaid Services (“CMS”). Tenant hereby warrants and represents to Landlord that as of the Commencement Date: (i) Tenant will be, and will continue to be, validly licensed and certified to operate a nursing home in accordance with the applicable rules and regulations of the State of New Jersey and federal governmental authorities, including, but not limited to, DOH, DHS, and CMS, provided the submission of a plan of correction and subsequent acceptance in whole or in part by the DOH, DHS or CMS, or their designee will not be considered to be a breach of this paragraph; (ii) Tenant will be, and will continue to be, certified by and the holder of valid provider agreements with Medicaid and/or Medicare, as applicable, issued by DOH, DHS and/or CMS and shall remain so certified and shall remain such a holder in connection with its operation of the Leased Premises as a nursing home; (iii) Tenant will be, and will continue to be, in compliance with and shall remain in substantial compliance with all state and federal laws, rules, regulations and procedures with regard to the operation of a nursing home; (iv) Tenant will operate the Facility in a manner consistent with high quality nursing care and sound reimbursement principles under the Medicare and Medicaid programs; and (v) Tenant shall not abandon, terminate, vacate or fail to renew any certificate, license or permit which relates to the operation of the nursing home business on the Leased 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.

10.2 No Waste. Tenant shall not commit or suffer to be committed any waste on the Leased Premises nor shall Tenant cause or permit any nuisance thereon.

10.3 Hazardous Materials and Hazardous Waste.

(A) Landlord has not placed or held any Hazardous Materials (hereinafter defined) on or at the Leased Premises, except as is necessary for the ordinary course of its business as a nursing home. Tenant shall not place or hold any Hazardous Materials on or at the Leased Premises, except as is necessary for the ordinary course of its business as a nursing home. If Tenant’s business requires the use of any Hazardous Materials, Tenant shall notify Landlord in writing and shall comply with hazard communication and notification requirements of the Occupational Safety and Health Act and any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree which requires notification of employees, the community or any governmental agency of the hazardous properties of such Hazardous Materials. For purposes of this Lease, “Hazardous Materials” means and includes any hazardous substance defined as such in the Occupational Safety & Health Act, Comprehensive Environmental Response, Compensation, and Liability Act, the Toxic Substances Control Act, or any other federal, state or local statute, law,

ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous substance or material, as now or at any time hereafter in effect.

(B) Tenant shall not cause or allow any asbestos to be incorporated into any improvements or alterations which it makes or causes to be made on or to the Leased Premises.

(C) Tenant shall not place, hold or dispose of any Hazardous Waste (hereinafter defined), on, under or at the Leased Premises except as specifically allowed in this Section 10.3. Tenant further agrees that it will not use the Leased Premises as a treatment, storage, or disposal (whether permanent or temporary) facility for Hazardous Waste. If Tenant, in the ordinary course of its business as a nursing home, generates Hazardous Waste, then Tenant shall comply with all applicable federal, state and local laws, statutes, ordinances, codes, rules, regulations, orders or decrees relating to the appropriate use, storage, transportation and disposal of Hazardous Waste. For the purposes of this Lease, "Hazardous Waste" means and includes any Hazardous Material that has entered the waste stream or any contaminant or pollutant as defined as such in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste. Tenant further agrees that it will properly dispose of all "infectious waste" such as laboratory waste, pathological waste, blood specimens or products, patient waste including, without limitation, bandages and disposable gowns, sharp waste and any material generated by the production or testing of biological agents.

(D) Tenant shall indemnify, defend and hold harmless Landlord against any claims, losses, costs, damages or expenses of any and every kind whatsoever (including reasonable attorney's fees) which at any time or from time to time may be paid, incurred or suffered by, or asserted against Landlord for, with respect to, or as a direct or indirect result of: (a) a breach by Tenant of the foregoing covenants, or (b) to the extent caused, permitted or allowed by Tenant or any agent, employee, invitee, or licensee of Tenant, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from, onto, or into the Leased Premises, the atmosphere, or any watercourse, body of water, or groundwater, of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response Compensation and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, or any other federal, state, local or other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any Hazardous Material); and the provisions of and undertakings and indemnification set out in this Section shall survive the termination of this Lease, and shall continue to be the personal liability, obligation and indemnification of Tenant, binding upon Tenant, forever. Landlord hereby indemnifies Tenant in the same manner and to the same degree, against all such matters that may have occurred prior to the Commencement Date.

If Tenant or its employees, agents, or contractors shall ever violate the provisions of this Section 10.3, then, in addition to any other duty or obligation of Tenant hereunder, at law or in equity, Tenant shall clean up, remove and dispose of the material causing the violation, in compliance with all applicable environmental laws and repair any damage to the Leased Premises within such period of time as may be reasonable under the circumstances after written notice by Landlord, provided that such work shall commence not later than thirty (30) days from such notice and be diligently and continuously carried to completion by Tenant or Tenant's designated contractors. Tenant shall notify Landlord of its method, time and procedure for any clean-up or removal of material causing the violation under this provision, and Landlord shall have the right to require reasonable changes in such method, time or procedure or to require the same to be done after normal business hours.

Landlord reserves the right from time to time, but not more than once a year, except in the event of an emergency or a breach of this Lease by Tenant, during the Term hereof, at Landlord's cost and expense (except that, in the event of breach, at Tenant's sole cost and expense), to have the Leased Premises inspected by environmental engineers and/or specialists for the purpose of determining compliance by Tenant with any environmental laws, rules and regulations applicable to Tenant's operations in or about the Leased Premises and with the terms and conditions of this Lease dealing with environmental matters, including without limitation, the provisions of this Section 10.3. If the environmental assessment or report resulting from such inspection discloses any non-compliance, Tenant shall immediately following receipt of the environmental assessment take all such steps as are necessary to put the Leased Premises into compliance, including without limitation, cleaning up any spills or other emissions of hazardous and/or toxic substances or wastes. In addition, Landlord's lender shall have the right to inspect the Leased Premises in accordance with the terms of the Loan Documents.

Upon the expiration of the Term, or the earlier termination thereof, whichever shall be the first to occur, Tenant shall forthwith remove all Hazardous Materials and Hazardous Waste from any portion of the Leased Premises. Landlord shall have the right to inspect the Leased Premises with regard to the management and disposal of Hazardous Materials and Hazardous Waste at all reasonable times during the Term.

ARTICLE XI DAMAGE OR DESTRUCTION

11.1 Damage or Destruction.

(A) Subject to the limitations and requirements set forth in the Loan Documents, if the Leased Premises shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy or use, as intended herein, with the same number of beds and in substantially the same condition as just prior to the incident, Landlord, in its reasonable discretion, may decide whether to repair or reconstruct the Leased Premises with the proceeds of the property's casualty insurance carried as required hereunder. If Landlord decides to repair or reconstruct the Leased Premises, this Lease shall continue in full force and effect, Tenant shall not be entitled to surrender possession of the Leased Premises, and Tenant's liability to pay Base Rent and all other charges under this Lease shall not cease. It is intended that Base Rent and all other charges hereunder shall continue, without

abatement, during the period of repair or reconstruction from the proceeds of Tenant's business interruption insurance for a period not to exceed twelve (12) months. Landlord shall repair or reconstruct the Leased Premises, with all reasonable speed, to the same or better condition as just prior to the incident and shall complete such repairs within twelve (12) months from the date of such damage or destruction, and Tenant shall not be liable for any costs of repair and shall not be required to make any repair or replacement to the Leased Premises other than with respect to replacing Tenant's trade fixtures and other personal property. Subject to the limitations and requirements set forth in the Loan Documents, if the same is not completed within twenty-four (24) months, Tenant shall have the option to terminate this Lease, upon written notice to Landlord, at the conclusion of the twenty-four (24) month period.

(B) Subject to the limitations and requirements set forth in the Loan Documents, if Landlord decides not to repair or replace the Leased Premises, Landlord shall notify Tenant within thirty (30) days after the happening of such destruction or injury and this Lease shall terminate as of the date of such damage or destruction.

(C) Notwithstanding anything to the contrary contained in subparagraphs (A) and (B) above, Landlord may cancel this Lease with no further liability to Tenant, in the event that following destruction or injury to the Leased Premises, Landlord's lender, if any, elects to require Landlord to make advance payments to extinguish or prepay the mortgage on the Leased Premises in whole.

ARTICLE XII EMINENT DOMAIN

12.1 Eminent Domain.

(A) Subject to any limitations and requirements set forth in the Loan Documents, in the event the entire Leased Premises shall be taken by condemnation or right of eminent domain, this Lease shall terminate as of the day possession shall be taken by the taking authority, and Landlord and Tenant shall be released from any further liability hereunder thereafter accruing. Subject to the limitations and requirements set forth in the Loan Documents, in the event only a portion of the Leased Premises shall be taken by condemnation or right of eminent domain and the portion so taken does not render the balance unsuitable for the purpose of this Lease, provided the Leased Premises remain operable as an economically-viable nursing facility, this Lease shall not terminate but Landlord agrees to restore the Leased Premises with reasonable speed to an architectural unit as nearly like its condition prior to such taking as shall be practicable, and if during and/or after the work of restoration, Tenant is deprived of the use of all or a part of the Leased Premises, an appropriate reduction of Base Rent, depending upon the time during which and the portion of said Leased Premises of which Tenant is so deprived, shall be granted.

(B) Notwithstanding anything to the contrary contained in Section 12.1(A), Landlord may cancel this Lease with no further liability to Tenant, in the event that following a taking by condemnation or right of eminent domain, Landlord's lender, if any,

elects to require Landlord to make advance payments to extinguish or repay in whole the mortgage on the Leased Premises.

(C) Tenant shall not be entitled to any part of any award or settlement of damages representing the value of land and buildings appropriated, the value of this Lease or any estate therein, or damage to the residue of the Leased Premises or other property of Landlord; it being agreed as between Landlord and Tenant any such award shall be the sole property of Landlord. However, in any condemnation preceding, Tenant may claim and receive compensation from the condemning authorities for damages to its fixtures, for the cost of removal and damage by reason thereof, and for moving expenses, and shall be entitled to all proceeds specifically allocated by the condemning authority on account thereof. No appropriation of part or all of the Leased Premises or cancellation of this Lease pursuant to this Article XII shall be deemed an eviction of Tenant, or a breach of any covenants of Landlord hereunder.

ARTICLE XIII NOTICES

13.1 Notices. Any notice, demand or communication required, permitted or desired to be given hereunder shall be deemed effectively given when personally delivered or mailed by prepaid certified mail, return receipt requested, or when sent by electronic mail, addressed as follows:

If to Tenant:

c/o Autumn Lake Healthcare LLC
4201 Route 9,
Howell, NJ 07731

If to Landlord:

c/o Autumn Lake Healthcare LLC
4201 Route 9,
Howell, NJ 07731

or such other address, and to the attention of such other person as either party may designate by written notice.

ARTICLE XIV QUIET ENJOYMENT

14.1 Quiet Enjoyment. Landlord covenants, warrants and represents to Tenant that, so long as Tenant shall not be in default in the performance of any of its obligations under this Lease, Tenant shall at all times during the Term peaceably and quietly have, hold, occupy and enjoy the Leased Premises without any hindrance, interference or molestation by Landlord or by, under or through Landlord for reasons other than acts of omission of Tenant, and Landlord shall defend Tenant in such peaceful and quiet use against the lawful claims of all such persons, subject to the Lease and to all liens, mortgages and encumbrances of record as of the date of the Lease to which this Lease is subordinate.

ARTICLE XV
SUBLETTING AND ASSIGNMENT

15.1 Subletting and Assignment. Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, assign this Lease or sublease all or any part of the Leased Premises. A transfer of membership interests or ownership interests of Tenant shall constitute an assignment for purposes of this Lease, requiring Landlord's consent thereof. Notwithstanding anything to the contrary set forth herein, Landlord may withhold its consent to any assignment, sublease or transfer of ownership interests in the event Landlord's lender does not consent to the same. Landlord has the right to sell the Leased Premises, subject to the terms of this Lease, upon prior notice to (but not the consent of) Tenant. Tenant shall not at any time, without the prior written consent of Landlord, which consent may be withheld or given in the reasonable discretion of Landlord, pledge, mortgage, or hypothecate the leasehold estate hereby created or any interest of Tenant therein. Nothing contained herein shall restrict Landlord from mortgaging its interest in the Leased Premises without the consent or approval of Tenant, provided, however, that the mortgagor shall issue a subordination and non-disturbance agreement in favor of Tenant.

ARTICLE XVI
RESIDENT RECORDS AND TRUST FUNDS

16.1 Resident Records and Trust Funds. Landlord agrees to arrange for the transfer to Tenant of any and all complete records, including all resident care agreements, relating to the residents of the Facility. Tenant holds resident trust funds for and on behalf of the residents of the Facility. All of these trust fund accounts are specifically excluded from the Leased Premises. Tenant shall indemnify, protect, defend and hold Landlord harmless from any and all claims, demands, costs, charges, damages and expenses associated with Tenant's acceptance, possession and administration of the trust funds and the records.

ARTICLE XVII
MEMORANDUM OF LEASE

17.1 Memorandum of Lease. This Lease shall not be recorded, but either party may record a memorandum of lease in which shall be described the Leased Premises, the Term, and other matters mutually acceptable to the parties. The party requesting that the memorandum of lease be recorded shall prepare and pay all costs of recording the memorandum of lease, and the other party agrees to execute at any and all times such instruments as may be reasonably required for such recording.

ARTICLE XVIII
DEFAULT

18.1 Default by Tenant and Remedies of Landlord.

(A) If Tenant (1) fails to pay any installment of Base Rent or fails to pay any other charges, costs or expenses payable by Tenant within five (5) business days after the

same becomes due; or (2) defaults in the prompt and full performance of any other of Tenant's covenants, obligations or agreements hereunder, and fails to correct such failure within thirty (30) days of receipt of written notice from Landlord of such default (unless such default cannot reasonably be cured within thirty (30) days, in which event such period shall be extended for an additional thirty (30) days, provided Tenant shall have commenced in good faith to cure such default within the first such thirty (30) day period and shall proceed with all due diligence to correct such default thereafter); or (3) if the leasehold interest of Tenant be levied upon under execution or be liened or attached and such levy, lien or attachment is not removed within thirty (30) days of the date Tenant receives notice of it; or (4) Tenant makes an assignment for the benefit of creditors or Tenant becomes insolvent or files for protection under any bankruptcy statute; or (5) a receiver be appointed for Tenant or any property of Tenant; or (6) Tenant abandons the Leased Premises; or (7) the license to operate the Leased Premises as a nursing home or assisted living facility is canceled or invalidated and not reinstated by action taken and diligently pursued by Tenant within the later of ninety (90) days thereafter or any applicable cure period permitted by applicable law, or as designated in any notice of cancellation or invalidation; or (8) an admission ban is issued for the Leased Premises and not released by action taken and diligently pursued by Tenant within the later of ninety (90) days thereafter or any applicable cure period permitted by applicable law, or as designated in any notice admissions ban; or (9) the Leased Premises is identified by CMS as a Special Focus Facility and is not graduated off the program within twenty-four (24) months thereafter, then and in any such event, Landlord may, if Landlord so elects, without notice of such election and without any demand whatsoever, forthwith terminate this Lease and Tenant's right to possession of the Leased Premises. Landlord, in addition to all other remedies given to Landlord at law or in equity, may by written notice to Tenant, terminate Tenant's right to possession pursuant to this Lease, without terminating this Lease, and reenter the Leased Premises by summary proceedings or otherwise. In any event, Landlord may dispossess Tenant, it being the understanding that under no circumstances is this Lease to be an asset for Tenant's creditors by operation of law or otherwise.

(B) Except as provided in this Lease to the contrary, Base Rent and other sums not paid when due or within any applicable grace period shall bear interest from the date when the same are first payable under the terms of this Lease until the same shall be paid at an annual rate of interest equal to the prime rate announced from time to time by the Wall Street Journal, plus four percent (4%), unless such rate shall not be permitted by law, in which event the maximum rate permitted by law shall be charged (hereinafter referred to as the "Leased Interest Rate"). Tenant further acknowledges that its late payment of any Base Rent or other sums will cause Landlord to incur certain costs and expenses not contemplated under this Lease, the exact amount of which is extremely difficult or impracticable to fix. Such costs and expenses will include, without limitation, loss of use of money, administrative and collection costs and processing and accounting expenses. Therefore, if any installment of monthly Base Rent is not received by Landlord when due or within any applicable grace period, except as provided in this Lease to the contrary, or any other sum due herein is not paid when due, Tenant shall immediately pay to Landlord a late charge equal to four percent (4%) of the unpaid amount. Such late charge is in addition to any interest due pursuant to the first sentence of this Section 18.1(B). Landlord and Tenant agree that the late charge represents a reasonable estimate of costs and expenses

incurred by Landlord from, and is fair compensation to Landlord for, any loss suffered by such non-payment by Tenant. Acceptance of the late charge shall not constitute a waiver of Tenant's default with respect to such non-payment by Tenant or prevent Landlord from exercising any other rights and remedies available to Landlord under this Lease.

(C) Upon the filing of a petition by or against Tenant under the Bankruptcy Code, Tenant, as debtor and as debtor-in-possession, and any trustee who may be appointed shall (1) timely perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by order of the United States Bankruptcy Court; (2) pay monthly in advance on the first day of each month as reasonable compensation for use and occupancy of the Leased Premises an amount equal to the Base Rent and other charges otherwise due pursuant to this Lease; and (3) reject or assume this Lease within sixty (60) days after the filing of such petition under the Bankruptcy Code or within such time period as the Bankruptcy Code may allow. Tenant, as debtor and as debtor-in-possession, and any trustee shall be deemed to have rejected this Lease in the event of the failure to comply with any of the above. Included within and in addition to any other conditions or obligations imposed upon Tenant or its successor in the event of assumption and/or assignment is the prior written consent of any mortgagee to which this Lease has been assigned as collateral security.

(D) In the event of termination of this Lease by reason of any default or breach by Tenant, or upon the expiration of the Term, then, and in any of such events, Tenant, upon Landlord's written request, shall to the greatest extent permitted by law, do such things and to take such action as may, from time to time, be necessary or appropriate to allow for CMS (as hereinafter defined) and/or any other governing authority to issue (and, with respect to any Medicare or managed care certification, to transfer) any applicable licenses, certificates, or permits to a designee of Landlord to allow for such designee to operate the Facility.

(E) Contingent upon Landlord's designee's receipt of all applicable licensure to allow such designee to operate the Facility, Landlord shall have the option of having such designee operate the Facility in the event of a termination of this Lease for any reason, without assuming any of Tenant's liabilities or obligations. Landlord shall give Tenant written notice of Landlord's intent to exercise the right set forth above, in which event Tenant shall immediately turn over possession and control of the Facility without any further action having to be taken on the part of Landlord.

(F) No failure of Landlord to enforce any rights or remedies upon default of Tenant shall prejudice or affect the rights of Landlord upon any subsequent or similar default.

(G) In the event of a default by Tenant of any of the terms, covenants, conditions or provisions of this Lease, which default is not cured within any applicable grace period, Landlord shall have the right to invoke any remedy permitted to Landlord in law or in equity. All remedies available to Landlord are declared to be cumulative and concurrent and the exercise of one shall not preclude or waive the right to exercise any other. No termination of this Lease and no taking or recovering of possession of the Leased Premises

shall deprive Landlord of any of its remedies or actions against Tenant and Tenant shall remain liable for all past or future Base Rent, including all taxes, insurance premiums and all other charges and Base Rent payable by Tenant under this Lease, during and for the balance of the Term hereof. The bringing of any action for Base Rent or other default shall not be construed as a waiver of the right to obtain possession of the Premises.

(H) If suit shall be brought for recovery of possession of the Leased Premises, for the recovery of Base Rent, or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Tenant to be kept or performed, and breach shall be established, Tenant shall pay to Landlord all out-of-pocket expenses, including reasonable attorney fees, incurred therefor.

18.2 Further Rights of Landlord Upon Default. Upon a default by Tenant, Landlord, in addition to all other remedies given to Landlord at law or in equity, may by written notice to Tenant, without terminating this Lease, install a manager and/or management consultant and/or a receiver of its choice, at Tenant's sole cost and expense or reenter the Leased Premises by summary proceedings or otherwise. Landlord, and its successors and assigns, including Landlord's mortgage lender, if any, to whom Landlord may assign this Lease and the right to exercise Landlord's remedies hereunder, shall expressly have the right to have a receiver and/or manager appointed to operate the Facility utilizing Tenant's cash, receivables, licenses, permits, provider agreements, deposit accounts and accounts receivable so as to preserve the long term care operations at the Leased Premises as a licensed and Medicare/Medicaid certified going concern. Notwithstanding anything herein to the contrary, the installation of any manager, management consultant and/or receiver pursuant to this Section 18.2 shall in all cases be subject to DOH being notified of the same and being given an opportunity to intervene with respect to the same. In any event, upon a default by Tenant, Landlord may require Tenant and any subtenant to consent to a so-called "Change of Ownership" and Landlord may dispossess Tenant upon approval of the Change of Ownership by the applicable state agency, it being the understanding that under no circumstance is this Lease or any sublease to be an asset for Tenant's or any subtenant's creditors by operation of law or otherwise. In the event of such reentry, Landlord may relet the Leased Premises without being obligated to do so, and in the event of a reletting may apply the Base Rent therefrom first to the payment of Landlord's cost and expenses, including consultant and/or expert and attorneys' fees incurred by reason of such default, and the cost and expense of reletting including, but not limited to, repairs, renovation, or alteration of the Leased Premises and then in the amount of Base Rent and all other sums due from or payable by Tenant hereunder, Tenant remaining liable for all other sums due from or payable by Tenant hereunder and for any deficiency. Tenant shall also be liable for and indemnify, protect, defend and hold Landlord harmless against all amounts owed to Medicare, Medicaid, all applicable third-party payor programs, third party payors, or residents, including, but not limited to, any overpayments received by Tenant, relating to the Term. Any and all such deficiencies shall constitute additional Rent hereunder and shall be payable by Tenant monthly on the date herein provided for the payment of Base Rent. Tenant acknowledges that all rights of Landlord hereunder may be assigned by Landlord to Landlord's mortgage lender and that if the Lease is so assigned, Landlord's mortgage lender shall have the right and authority to exercise Landlord's remedies hereunder, in Landlord's mortgage lender's sole and exclusive direction.

18.3 Notwithstanding anything herein to the contrary, the remedies of the Landlord following an event of default as set forth in this Article XVIII are subject to applicable laws, rules, and regulations governing the operation of the Facility. If an event of default occurs, Landlord's ability to exercise those remedies which would serve or are intended to replace or substitute for Tenant as operator of the Facility under this Lease is subject to the receipt of prior DOH approval. More specifically, and not intending to be a complete list, remedies under this Lease which could result in the appointment of a receiver to operate or oversee the Facility or the subletting of the Facility as a licensed facility to another tenant, or which could otherwise vest a party other than Tenant with operational control and authority over the Facility, shall require notice to and prior approval from the DOH under applicable laws, rules, and regulations governing the operation of the Facility, as the licensing agency of the Facility. Before exercising any such remedies under this Lease, including seeking appointment of such a receiver from a court of competent jurisdiction, Lessor shall notify DOH and obtain such approval from DOH.

ARTICLE XIX ENTRY AND REIMBURSEMENT RIGHTS OF LANDLORD

19.1 Entry and Reimbursement Rights of Landlord. Landlord reserves the right at all reasonable times during business hours to go upon and inspect the Facility and every part thereof. If Landlord shall make any payments or perform any repairs on behalf of Tenant which are Tenant's obligation and which Tenant is in default thereof, following notice and opportunity to cure as provided herein, then any amounts so paid by Landlord are agreed and declared to be additional Rent, and shall be due and payable to Landlord by Tenant upon submission to Tenant of an invoice, bill, or statement therefor, together with interest charged at the Leased Interest Rate from five (5) days after the date of such invoice, bill, or statement.

ARTICLE XX REPRESENTATIONS, WARRANTIES AND COVENANTS

20.1 Tenant's Representation, Warranties and Covenants. Tenant represents, warrants and covenants to Landlord as follows:

(A) Tenant is, or as of the Commencement Date, will be, a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Jersey.

(B) No Breach of Statute or Contract. The execution, delivery and performance of this Lease by Tenant will not breach any statute or regulation of any governmental authority, and will not as of the Commencement Date conflict with or result in a breach of or default under any of the terms, conditions or provisions of Tenant's Articles of Organization or Operating Agreement (as the case may be) or any order, writ, injunction, decree, agreement or instrument to which Tenant is a party, or by which it or its property, may be bound. There is no legal prohibition from Tenant leasing or operating a nursing facility, and Tenant has not been debarred or otherwise prohibited from participating in any federal or state health care program.

(C) The execution, delivery and performance of this Lease have been duly authorized by all necessary individual, company, or member action of Tenant and this Lease constitutes the valid and binding obligation of Tenant, enforceable in accordance with its terms.

(D) Intentionally Deleted.

(E) There is no suit, claim, action or legal, administrative, arbitration, or other proceeding or governmental investigation pending or threatened, by or against Tenant, and no event or condition of any character, to Tenant's actual knowledge, which could prevent the consummation of the transactions contemplated by this Lease or materially adversely affect Tenant's performance of the terms and conditions hereunder.

(F) Subject to the express provisions herein, at all times during the Term, Tenant shall (i) use its best efforts, exercised in good faith, to operate the Leased Premises and otherwise conduct its business there at only in the ordinary course, and in compliance with all statutory and regulatory requirements of any federal, state or local authority, (ii) continue to operate the Leased Premises and will maintain them in substantially their condition as of the Commencement Date, reasonable wear and tear excepted, including, but not limited to repairs and replacements permitted under this Lease, and in a lawful manner, (iii) not encumber all or any portion of the Leased Premises and will not enter into any contracts with respect to the Leased Premises (except in the ordinary course of business and in accordance with the permitted uses of the Leased Premises hereunder), (iv) use its best efforts, exercised in good faith, to preserve the goodwill of the Facility, (v) not take any action from an accounting perspective which would intentionally materially adversely affect the reimbursement formula or tax benefits with respect to the Leased Premises or any portion thereof, (vi) not make any material change in its present nursing home business or engage in any activities apart from its present nursing home business, (vii) not dissolve, merge or consolidate with or into any other person or entity, or otherwise change its identity or company or capital structure in a material manner, and (viii) not change its name.

(G) At all times during the Term, Tenant shall cause to be done all things needed to preserve its rights and franchises and comply with all laws applicable to it, and to continue to conduct its business in the ordinary course.

(H) At all times during the Term, Tenant shall promptly pay all of its obligations, indebtedness, taxes, charges and impositions, whether or not relating to the Leased Premises or this Lease, as they become due unless contested in good faith and diligently pursued.

(I) At all times during the Term, Tenant shall comply in all material respects, with all statutes, laws, ordinances and governmental rules, regulations and ordinances to which it is subject or which are applicable to the Leased Premises and to Tenant's business, properties or assets.

20.2 Landlord's Representation, Warranties and Covenants. Landlord hereby represents, warrants and covenants to Tenant, all of which shall survive the delivery and execution of this Lease, the following:

(A) Landlord is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Jersey.

(B) The execution, delivery, and performance of this Lease will not violate any provision of law, any order of any court or other agency of federal or state government or any provision of any indenture, agreement, or other instrument to which Landlord is a party or by which it or any of its properties or assets are bound; conflict with, result in a breach of, or constitute (with passage of time or delivery of notice, or both), a default under any such indenture, agreements or other instrument; or result in the creation or imposition of any lien or other encumbrance of any nature whatsoever upon any of the properties or assets of Landlord.

(C) This Lease has been duly executed and is a valid and binding obligation of Landlord, fully enforceable in accordance with its terms.

(D) There is no action, suit, examination, review, or proceeding by or before any governmental instrumentality or agency now pending or, to the knowledge of Landlord, threatened against Landlord, which, if adversely determined, would materially impair the right of Landlord to carry on the business as contemplated under this Lease.

(E) Landlord is not in default in the performance, observation, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party, which default materially adversely affects the Leased Premises.

(F) The execution, delivery, and performance of this Lease have been authorized by all requisite action of Landlord.

(G) The execution, delivery, and performance of this Lease will not violate any provision of the Certificate of Formation or Limited Liability Company Agreement of Landlord.

ARTICLE XXI MISCELLANEOUS

21.1 Governing Law. This Lease has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of New Jersey. All duties and obligations of the Parties created hereunder are performable in New Jersey, which shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the Parties that may be brought, arise out of or in connection with or by reason of this Lease.

21.2 Waiver of Breach. The waiver by either party of a breach or violation of any provision of this Lease shall not operate as, or be construed to be a waiver of, any subsequent breach of the same or other provision hereof.

21.3 Gender and Number. Whenever the context hereof requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all shall include the singular and plural.

21.4 Force Majeure. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Lease or other interruption of service or employment deemed resulting, directly or indirectly, from acts of God, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either Parties' employees, or any similar or dissimilar cause beyond the reasonable control of either party, provided, however, that the provisions of this Section 21.4 shall not operate to excuse Tenant, nor shall Tenant in any event be excused, from prompt payment of Base Rent or any other amounts due under this Lease.

21.5 Severability. In the event any provision of this Lease is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Lease, which shall remain in full force and effect and enforceable in accordance with its terms.

21.6 Entire Agreement; Amendments. This instrument contains the entire agreement between the Parties hereto with respect to the subject matter hereof. All representations, promises and prior or contemporaneous undertakings between such Parties are merged into and expressed in this instrument, and any and all prior agreements between such Parties are hereby canceled. The agreements contained in this instrument shall not be amended, modified, or supplemented except by a written agreement duly executed by both Landlord and Tenant.

21.7 Counterpart Execution; Facsimile Execution. This Lease may be executed in any number of counterparts with the same effect as if the Parties hereto had signed the same document. All counterparts will be construed together and shall constitute one lease. Signatures transmitted by facsimile shall have the same effect as original signatures.

21.8 Survival of Representations and Warranties. Except as specifically provided otherwise in this Lease, all representations and warranties herein shall survive the termination of this Lease for a period of one (1) year.

21.9 Use of Brokers. Landlord and Tenant each represent and warrant to the other that no broker, finder or other person has been involved in regard to this Lease and Landlord and Tenant shall each hold the other harmless from all damages (including reasonable attorneys' fees) resulting from any claims that may be asserted by any broker, finder or other person with whom Landlord or Tenant, as the case may be, has or purportedly has dealt.

21.10 No Partnership. By virtue of entering into this Lease, Landlord does not, in any way or for any purpose, become a partner of Tenant in the conduct of Tenant's business or otherwise, or joint venturer, or a member of a joint enterprise with Tenant. By virtue of entering into this Lease, Tenant does not, in any way or for any purpose, become a partner of Landlord in the conduct of Landlord's business or otherwise, or joint venturer, or a member of a joint enterprise with Landlord.

21.11 Estoppel Certificates. Tenant shall, without charge, at any time and from time to time, within ten (10) days after written request by Landlord, deliver a written instrument to

Landlord or any other person specified by Landlord, duly executed and acknowledged, certifying the following and such other matters as may be reasonably required by Landlord, including without limitation, current financial information relating to Tenant:

- (A) That Tenant has accepted and is in possession of the Leased Premises.
- (B) That this Lease is unmodified and in full force and effect or, if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification.
- (C) Whether or not there are then existing any setoffs or defenses in favor of Tenant against the enforcement of any of the terms, covenants, and conditions of this Lease by Landlord and, if so, specifying the same, and also whether or not Landlord has observed and performed all of the terms, covenants, and conditions on the part of Landlord to be observed and performed and, if not, specifying same.
- (D) The dates to which Base Rent and all other charges hereunder have been paid. Upon request of Tenant, Landlord shall provide similar confirmation.
- (E) The amount of annual and monthly rent and the amount of the security deposit, if any.

It is expressly understood and agreed that any such statement may be relied upon by Landlord or any prospective encumbrancer of all or any portion of the Leased Premises. Tenant's failure to deliver such statement within such time shall constitute a default under this Lease. All financial information relating to Tenant shall be held in confidence and shall not be distributed beyond the persons specified in Landlord's request for such information.

21.12 Confidentiality.

(A) Landlord and Tenant agree to keep all aspects of (but not the existence of) this Lease confidential, and shall not disclose to any person other than the directors, officers, employees, agents, advisors, affiliates, brokers, lenders, attorneys or accountants (collectively the "Representatives") of the Parties hereto on a need-to-know basis, any confidential or proprietary information, knowledge or data concerning the business, affairs, operations, secrets, dealings or finances of the other party furnished directly or indirectly by such other party (collectively referred to as the "Confidential Information"). As used in this Lease, the term "Confidential Information" does not include any information which: (i) at the time of disclosure is generally available to and known by the public (other than as a result of a disclosure directly or indirectly by either party or their Representatives); (ii) was available to either party on a non-confidential basis from a source other than a party to this Lease or its Representatives, provided that such source is not and was not bound by a confidentiality agreement with the party hereto; (iii) has been independently acquired or developed by either party or their Representatives without violating any of the obligations hereunder; or (iv) is required by law to be disclosed.

(B) In the event that either party or any of the Representatives receives notice of a legal request for disclosure of any of the Confidential Information (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process), the party receiving such notice (“Receiving Party”) shall promptly notify the other party (“Notified Party”) so that the Notified Party may seek a protective order or other appropriate remedy if it chooses to do so. Failure by the Notified Party to take action to seek a protective order or other remedy and to notify the Receiving Party of such action prior to the required disclosure date, shall be deemed a waiver of the provisions of this section. In the event that a protective order or other remedy is not obtained or that the Notified Party waives compliance with the provisions hereof, the Receiving Party shall exercise its best efforts to obtain a confidentiality agreement or protective order concerning the Confidential Information, and in the absence thereof, shall disclose only that portion of the Confidential Information which it is advised by written opinion of counsel is legally required to be disclosed, or which is compelled by court order.

(C) In the event of any breach or threatened breach hereof, Landlord or Tenant, as the case may be, shall be entitled to equitable relief, including a temporary preliminary and permanent injunction and specific performance, in addition to all other remedies available to them at law or in equity. Landlord and Tenant shall each indemnify, defend (upon request) and hold harmless the other from any damage, loss, cost or liability (including legal fees and costs of enforcing this indemnity) arising out of or resulting from any unauthorized use by such party or its representatives of the Confidential Information or other action or conduct not permitted hereunder.

21.13 Holdover. If, at the expiration of the Term, Tenant continues to occupy the Leased Premises, with Landlord’s written consent, such holding over shall not constitute a renewal of this Lease, but Tenant shall be a Tenant from month-to-month at 125% of the most recent Base Rent payable by Tenant hereunder, at Landlord’s sufferance, and under the same terms and conditions as were in force and effect at the expiration of the Term (except only as to the Term), and except that in the event Tenant shall continue to occupy the Leased Premises after the expiration of the Term, without a duly executed extension agreement in writing having been entered into by and between Landlord and Tenant, then if Landlord shall suffer any damage, loss, cost or expense as a result of such holdover, then Tenant, in addition to such Base Rent, shall pay the amount thereof to Landlord immediately on demand.

21.14 Waiver For Physical Injury.

(A) Except in the case of negligence or fraudulent conduct by Landlord or its agents, Landlord and Landlord’s agents and employees shall not be liable for, and Tenant waives all claims for, damage to person or property sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in, about, or upon the Leased Premises during the Term.

(B) Such waiver shall include but not be limited to claims for damage resulting from: (i) any equipment or appurtenances becoming out of repair or any other capital improvement, replacement, repair or maintenance; (ii) injury done or occasioned by wind; (iii) any defect in or failure of plumbing, heating, or air conditioning equipment, electric

wiring, gas, water and steam pipes, stairs, rail or walks; (iv) broken glass; (v) the backing up of any sewer pipe or washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Leased Premises; (vi) the escape of steam or hot water; (vii) water, snow or ice being upon or coming through the roof, skylight, trap door, stairs, walks or any other place upon or near the Leased Premises; (viii) the falling of any fixture, plaster, drywall or stucco; and (ix) any act, omission or negligence of trespassers.

21.15 Priority.

(A) This Lease shall be subject and subordinate at all times to the Loan and to any other mortgage loan, any mortgage lien, or any refinancing or replacing of a mortgage loan that at any time may be made a lien upon the Leased Premises or Landlord's interest therein. Such subordination shall be automatic without the necessity for execution of any instrument of subordination, provided that upon request, Tenant shall execute and deliver such further instrument or instruments confirming such subordination and subordinating this Lease to the lien of the loan or any other encumbrance described in the preceding sentence as shall be desired by Lender or other applicable first mortgagee or party secured or proposed to be secured. If Tenant, within seven (7) days after submission of such instrument, fails to execute the same, Landlord is hereby authorized to execute the same as attorney-in-fact for Tenant.

(B) If the Lender or any other holder of a mortgage lien upon the Leased Premises shall succeed to the rights of Landlord under this Lease, whether through possession, foreclosure action, or delivery of a new deed, then at the request of such party so succeeding to Landlord's rights ("Successor-Landlord") and upon such Successor-Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize Successor-Landlord as Tenant's Landlord under this Lease, and shall promptly execute and deliver any instrument that Successor-Landlord may reasonably request to evidence such attornment. Tenant hereby irrevocably appoints Landlord or Successor-Landlord attorney-in-fact of Tenant to execute and deliver such instrument on behalf of Tenant, should Tenant refuse or fail to do so within seven (7) days after request therefor. Upon such attornment, this Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor-Landlord and Tenant upon all of the terms, conditions, and covenants as are set forth in this Lease and shall be applicable after such attornment.

21.16 Liens. Tenant shall not do or suffer anything to be done whereby the Leased Premises, or any portion thereof, or any interest therein, may be encumbered by any liens of mechanics, laborers, or materialmen, chattel mortgages or any other liens. Tenant shall, whenever and as often as any such liens are filed against the Leased Premises, or any portion thereof, purporting to be for labor or material furnished or to be furnished to Tenant, discharge the same of record within thirty (30) days after the date of filing by payment, bonding or otherwise, as provided by law. Tenant, upon reasonable notice and request in writing from Landlord, shall also defend for Landlord, at Tenant's sole cost and expense, any action, suit or proceeding which may be brought on or for the enforcement of any such lien, Tenant shall pay, satisfy and discharge any judgments entered in such action, suit or proceeding and save harmless Landlord from any liability, claim or damage resulting therefrom. In the event of the default of Tenant in procuring the discharge, as aforesaid, of any such lien, Landlord may, with ten (10) days prior notice, procure

such discharge and the expenses incurred by Landlord in obtaining such discharge shall be paid by Tenant as additional Rent within ten (10) days after notice from Landlord of the amount thereof.

21.17 Liability of Landlord. Notwithstanding anything herein stated to the contrary, the liability of Landlord for the failure of Landlord to perform any covenant, term or condition of this Lease on Landlord's part to be performed shall be limited solely to Landlord's interests in the Leased Premises, and neither Landlord nor its partners, general or limited, or its shareholders, as the case may be, shall have any personal liability for damages suffered by Tenant or anyone claiming through Tenant as a result of Landlord's default, Tenant hereby agreeing to look solely and exclusively to Landlord's interest in the Leased Premises as satisfaction of such damages.

21.18 Future Lender. The Parties hereby acknowledge that Landlord may obtain mortgage loan financing of the Facility at a future date via a HUD Loan. Tenant agrees to cooperate with Landlord in obtaining such financing, including, without limitation, providing financial and operating information, executing commercially reasonable documents requested by Landlord, Lender, or the HUD Mortgage lender, and complying with commercially reasonable requirements of Landlord, Lender, and the HUD Mortgage lender (compared to other nursing home facility mortgage financing) with respect to the use and operation of the Facility. Without limiting the foregoing, Tenant agrees to amend this Lease pursuant to an "Addendum to Operating Lease" in form and substance as required by HUD in connection with any HUD Mortgage to be secured by the Real Property.

21.19 Compliance with Loan Documents. Tenant hereby agrees to comply with all covenants, conditions and obligations, including but not limited to all financial covenants, insurance requirements and financial reporting requirements, which apply to the Tenant set forth in the Loan Documents. Tenant hereby agrees that all representations, warranties, and covenants set forth in the Loan Documents that apply to the Tenant are and shall remain true and correct in all respects throughout the Term of the Lease.

21.20 Superior Leases. To the extent this Lease is subject to any superior lease, then this Lease shall be subordinate in all terms and conditions of such superior lease, which terms and conditions are expressly incorporated herein. Notwithstanding anything in this Lease to the contrary, Tenant shall assume and perform all of the obligations of Landlord under any superior lease to the extent said obligations apply to the Leased Premises leased pursuant to this Lease and Tenant shall have the same rights, duties, obligations and benefits as if Tenant were the "lessee" under any superior lease to the extent said terms and conditions are applicable to the Leased Premises. In the event of any conflict between the terms of any superior lease and this Lease, then the terms of any superior lease shall control. Tenant shall not commit or permit to be committed on the Leased Premises any act or omission which would violate any term or condition of any superior lease. To the extent allowed by applicable law Tenant hereby grants to any superior landlord a security interest in all of its right, title and interest in the licenses and the provider agreements and any certificates of need, and in their tangible and intangible personal property, accounts receivables and deposit accounts, subject to the terms of such superior lease. Further, to the extent this Lease is subject to any superior lease, this Lease may not be modified without the prior written consent of any sublessor, not to be unreasonably withheld or delayed, and if the Tenant receives a written notice from sublessor stating that Landlord is in default under any superior lease, Tenant shall thereafter pay all rentals or payments under this Lease directly to

sublessor until such default has been cured. In the event of the termination of Landlord's interest in the Real Property, then this Lease shall terminate concurrently therewith without any liability of Landlord to Tenant. Notwithstanding the foregoing, upon the express prior written notice of attornment from sublessor, Tenant shall attorn to any sublessor and waive surrendering possession of the Real Property or any existing management agreements or subleases as a result of the termination of this Lease, except as otherwise agreed between a sublessor and Tenant pursuant to a separate written agreement.

IN WITNESS WHEREOF, the Parties have executed or caused the execution of this Lease by their respective officers duly authorized as of the day and year first above written.

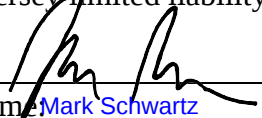
LANDLORD:

3025 CHAPEL AVENUE PROPCO LLC
a New Jersey limited liability company,

By: 
Print Name: Mark Schwartz
Title: Authorized

TENANT:

3025 CHAPEL AVENUE OPCO LLC
a New Jersey limited liability company

By: 
Print Name: Mark Schwartz
Title: Authorized