

LETTER OF INTENT



**State of Tennessee
Health Facilities Commission**

502 Deaderick Street, Andrew Jackson Building, 9th Floor, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

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LETTER OF INTENT

The Publication of Intent is to be published in The Tennessee Tribune which is a newspaper of general circulation in Davidson County., Tennessee, on or before 06/14/2024 for one day.

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that The McKendree Post Acute & Rehabilitation, a/an Nursing Home owned by McKendree SNF Operations, LLC with an ownership type of Limited Liability Company and to be managed by itself intends to file an application for a Certificate of Need for an application for a Certificate of Need for the addition of thirty (30) skilled nursing facility (SNF) beds dually certified by Medicare and Medicaid to its existing 180 SNF beds for a total of 210 nursing home beds. The address of the project will be 4347 Lebanon Pike, Hermitage, Davidson County, Tennessee, 37076. The estimated project cost will be \$2,984,701.

The anticipated date of filing the application is 06/28/2024

The contact person for this project is Mrs. Wells Trompeter who may be reached at Holland and Knight LLP - 511 Union Street, Suite 2700, Nashville, Tennessee, 37219 – Contact No. 615-850-8759.

Wells Trompeter

06/14/2024

wells.trompeter@hklaw.com

Signature of Contact

Date

Contact's Email Address

The Letter of Intent must be received between the first and the fifteenth day of the month. If the last day for filing is a Saturday, Sunday, or State Holiday, filing must occur on the next business day. Applicants seeking simultaneous review must publish between the sixteenth day and the last day of the month of publication by the original applicant.

The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-11-1607 (c)(1). (A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition.

Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at hsda.staff@tn.gov .

HF 51 (Revised 6/1/2023)

RDA 1651



**State of Tennessee
Health Facilities Commission**

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Phone: 615-741-2364

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PUBLICATION OF INTENT

The following shall be published in the “Legal Notices” section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that The McKendree Post Acute & Rehabilitation, a/an Nursing Home owned by McKendree SNF Operations, LLC with an ownership type of Limited Liability Company and to be managed by itself intends to file an application for a Certificate of Need for an application for a Certificate of Need for the addition of thirty (30) skilled nursing facility (SNF) beds dually certified by Medicare and Medicaid to its existing 180 SNF beds for a total of 210 nursing home beds. The address of the project will be 4347 Lebanon Pike, Hermitage, Davidson County, Tennessee, 37076. The estimated project cost will be \$2,984,701.

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CRITERIA AND **STANDARDS**

STANDARDS AND CRITERIA

Certificate of Need Standards and Criteria: Nursing Home Services

Source: Tennessee State Health Plan 2014 Update

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +} \end{aligned}$$

Rationale: The Division has analyzed the existing Guidelines for Growth compared with the statewide utilization percentages as well as occupancy rates from the nursing home Joint Annual Reports (JARs) for 2012 and has determined that grounds to update the percentages are not sufficient to justify revision of the formula. While input from stakeholders supports that the existing formula is adequate to address statewide nursing home need at present, stakeholder input further suggests that this formula may require re-evaluation based on the impact of factors such as patient participation in the TennCare CHOICES program authorized by the Long Term Care Community Choices Act of 2008, the change in Nursing Facility Level of Care Criteria for TennCare recipients in 2012, and other reimbursement and policy changes. The Division will assess the adequacy of the formula as circumstances concerning nursing homes develop.

County utilization does, of course, differ among the counties' age cohorts, and depends largely upon the availability of nursing home services as well as the availability of reimbursement for those services. The Division believes the criterion regarding the Average Daily Census of existing nursing homes in a Service Area, set forth in No. 4 will help balance any need "overstatements" that the formula might calculate.

Research published by the Henry J. Kaiser Family Foundation in 2013 shows that a majority of people over the age of 65 will need long-term care services for an average of three years, and 20 percent of people will need more than five years of services. The percentage of the population over the age of 65 is expected to increase as the "baby boom" generation ages, and specifically the number of people 85 and older is expected to grow significantly. Tennessee's population projections are in-line with those reported nationally, if not slightly higher, for these age groups. How best to determine sufficient capacity to accommodate long-term care user choice in both institutional and community-based settings will continue to be a challenge for policy makers.

The Division recognizes that, increasingly, nursing homes are impacted by the decreases in reimbursement rates, the focus on shorter stays, and the encouragement by policies for nursing care to be provided elsewhere in the community or in the home. The result has been an overall

decline in occupancy rates and an increase in the level of care required by nursing home patients.

As requested by stakeholders, the Division commits to making available to applicants a standard chart of the results of the need formula for each county as data are verified, finalized, and made available by the TDH.

RESPONSE: This information has been attached in the document “Need Criteria.”

- 2. Planning Horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

Rationale: The current Guidelines for Growth use a two year planning horizon; after consideration of the impact of a three year planning horizon, the Division believes a three year planning horizon has the potential to overstate need.

RESPONSE: The data for projection is two years in the future and shown in the attachment “Need Criteria.”

- 3. Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Rationale: The current Guidelines for Growth also state that a majority of the population of a service area should reside within 30 minutes travel time. In many cases it is likely that a proposed nursing home's service area could draw much more significantly from a specific area of a county. However, utilization data—which are critical to the need formula—are available from the Department of Health only at the county level. When available, the Division would encourage the use of sub-county level data that are available to the general public (including utilization, demographics, etc.) to better inform the HSDA in making its decisions. Because nursing home patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA.

RESPONSE: The Service Area is Davidson County. With over 75% of the patient population residing in Davidson County in 2023, the majority of the majority of population and Applicant’s patient population is within 30 minutes of travel time.

- 4. Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds

within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

Rationale: The words "In general" are specifically included in this Standard because several factors contribute to the ability of existing nursing homes to meet need, including in particular the designation of beds by payer mix and the specific services provided. Private insurance, Medicaid (TennCare), and Medicare reimburse services at different rates and for different purposes and lengths of stay. An applicant may be able to make a case for licensed beds if, for example, specific ancillary services or bed types are lacking in a proposed Service Area, whether or not all nursing homes in a Service Area have Occupancy Rates at or above 90%. A preference should be provided to an applicant wishing to provide Medicaid (TennCare) beds. The Division is of the opinion that the following types of applications seek to increase/alter the number of nursing home beds within a Service Area:

- a. An applicant seeks to add new nursing home beds;
- b. An applicant seeks to relocate an existing facility to a new Service Area;
- c. An applicant seeks to establish a new facility not currently operating (i.e., does not seek a replacement of an existing, operating facility); and
- d. An applicant seeks to take a single existing licensed facility and divide its bed component into more than one licensed facility (this last application type should not be viewed as merely a replacement of an existing facility, and usually requires legislation authorizing this division of beds).

RESPONSE: This information has been attached in document "Need Criteria." We note that Signature Healthcare of Madison is no longer a licensed nursing home and has ceased operations. They have data for 2022, but this should not be taken into consideration since the facility is no longer operating.

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

Rationale: This Standard is designed to ensure that the impact of a previously approved CON for the provision of nursing home services in a given service area is taken into consideration by the HSDA.

RESPONSE: Please see the Applicant's response to 5N in the Application.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Rationale: Using one source for data is the best way to ensure consistency across the evaluation of all applications. The Division believes the TDH's data should be relied upon as the primary source of data for CON nursing home services applications.

RESPONSE: Whenever available and as instructed by the Health Facilities Commission, Department of Health data has been utilized in preparing this application.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Rationale: Quality of care is impacted by the relationship between facility size and the appropriate staffing of the facility. Assuming appropriate staffing exists, the HSDA should consider each applicant's circumstances individually regarding facility size. The Division's research in Tennessee indicates that 90-120 licensed beds may be an optimal range for ensuring both economic feasibility and the delivery of quality care. However, exceptions to this general range are certain to arise.

Two examples of such circumstances could be: 1) When a newly proposed facility is planned in conjunction with an existing continuum of services, such as the development of a continuing care campus or other type of multiple service provider, in which case a smaller number of beds may be justified; and 2) If the existing resources in a sparsely populated rural area are not sufficient and new nursing homes are needed, a smaller facility may be justified as compared to a larger facility. The State Health Plan encourages the HSDA to evaluate such applications carefully to ensure that they propose to provide services adequately to a broad population.

RESPONSE: With 180 licensed beds, the facility currently has the minimum number of beds.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to

replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Rationale: The aging of nursing home facilities is an increasing concern within the industry. This standard seeks to provide support for an existing nursing home to modernize/update its facilities.

RESPONSE: 15 beds will be private, and 15 will be semi-private.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

RESPONSE: The applicant plans to hire an additional 20 staff for the expansion. The applicant has sufficient staff now and has a great relationship with contracting agencies to fill any emergency staffing needs.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Rationale: Coordinated, integrated systems of care may not be in place in much of rural Tennessee, and therefore this language has been deleted. Additionally, the Division recognizes that nursing homes may not be the primary drivers of community linkage plans, and the Division does not mean to suggest that an applicant should develop one itself; instead it should provide information on its participation in a community linkage plan, if any. However, the Division recognizes that hospitals, particularly rural ones, often encounter difficulties in discharge planning to nursing homes due to a lack of available beds. CON applications for new nursing home beds should therefore also provide letters from hospitals, hospice service agencies, physicians, or any other appropriate providers, to provide evidence of unmet need and the intent to meet that need.

RESPONSE: The Applicant has a great relationship with area Hospital case managers to ensure patients receive continuity of care after Hospital discharge. Further, the Applicant has relationships with home health care agencies for patients upon discharge from the nursing home.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

RESPONSE: The applicant is able and willing to serve equally all of the Service Area in which it seeks certification.

12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Rationale: This section supports the State Health Plan's Principle No. 4 for Achieving Better Health regarding quality of care. Typically, nursing homes are not accredited by the Joint Commission or other accrediting bodies; applicants instead are asked and encouraged to provide information on other quality initiatives. The intent of this alternative is to permit the applicant to show its commitment to, as well as its performance regarding, quality control and improvement. Surveys and quality control programs at sister facilities may provide an indication of future quality performance at the applicant's proposed facility and are relevant to the HSDA's assessment of the application.

RESPONSE: The facility is certified for participation in Medicare and Medicaid in lieu of accreditation. The facility has in place a Quality Assurance and Performance Improvement program and is dedicated to taking steps to improve quality of care provided. Additionally, the facility will submit annual Quality Measure reports as required by PC 1043, Acts of 2016, if this application is approved.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

RESPONSE: The Applicant agrees to provide all statistical data through the submission of its annual Joint Annual Reports.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.
- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.
- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Rationale: The Division believes reducing the occupancy rates from 95 to 90 percent in numbers 14b and 14c more accurately reflects overall occupancy in the state, and also would take into consideration some increasing vacancy rates that current nursing homes may be experiencing due to decreasing admissions overall and increasing patient turnover due to short-stay patients.

RESPONSE: This information has been attached in document "Need Criteria."

Criteria #1. Determination of Need

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} &= .0005 \times \text{population 65 and under} \\ &+ .012 \times \text{population 65-74} \\ &+ 0.60 \times \text{population 75-84} \\ &+ .150 \times \text{population 85 and older} \end{aligned}$$

Service Area County	Total Population (2 Years Forward)*	Bed Need**	Total Licensed Beds***	Need/Surplus
Davidson	737,505^	4,861	2,426	2435
<i>Add Rows as Necessary</i>				
TOTAL	737,505	4,861	2,426	2435

^The Department's 2026 total population projection a

*Source: Tennessee Department of Health, Division of Policy Planning and Assessment, <https://www.tn.gov/health/health-program-areas/statistics/health-data/population.html>

**Source: Tennessee Department of Health, Division of Policy, Planning and Assessment - Nursing Home Bed Need Projections (The above table should be populated based on the most current available report based on

***Source: Joint Annual Report for Nursing Homes

Criteria #3. Establishment of Service Area

Service Area County	Distance to Proposed Nursing Home Facility	Projected Number of Cases Year 1	% of Projected Cases Year 1
Davidson	0 Miles		
<i>Add Rows as Necessary</i>			
TOTAL			

Source: Joint Annual Report for Nursing Homes

Criteria #4. Existing Nursing Home Capacity

Historical Utilization Service Area Nursing Homes (2022)	
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Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name	County	Admissions	Licensed Beds
2022	570	54	190842	Signature Healthcare of Madison	Davidson	70	102
2022	571	53	190942	Creekside Health and Rehabilitation Center	Davidson	714	139
2022	572	58	191042	McKendree Village	Davidson	591	180
2022	573	309	191642	The Health Center at Richland Place	Davidson	809	107
2022	574	66	191842	Trevecca Center for Rehabilitation and Healing, LLC	Davidson	1204	240
2022	575	67	191942	Vanco Health and Rehabilitation, Inc.	Davidson	248	90
2022	576	215	192042	Stoneridge Health Care, LLC	Davidson	96	38
2022	577	44	192142	Bethany Center for Rehabilitation and Healling, LLC	Davidson	605	180
2022	578	51	192542	Good Samaritan Health and Rehab Center	Davidson	253	110
2022	579	48	192742	AHC Cumberland	Davidson	172	124
2022	580	45	192842	West Meade Place, LLP	Davidson	462	120
2022	581	410	192843	NHC Place at the Trace	Davidson	480	90
2022	583	69	193142	Grace Healthcare of Whites Creek	Davidson	178	127
2022	584	56	193542	Lakeshore Heartland	Davidson	167	66
2022	585	59	193842	The Meadows	Davidson	438	113
2022	586	52	193942	Greenhills Health and Rehabilitation Center	Davidson	562	150
2022	587	343	194542	Woodcrest at Blakeford	Davidson	330	83
2022	588	392	194642	Life Care Center of Hickory Woods	Davidson	777	124
2022	589	393	194742	Life Care Center of Old Hickory Village	Davidson	990	124
2022	590	394	194842	Nashville Center for Rehabilitation and Healing, LLC	Davidson	492	119
TOTAL						9638	

Historical Utilization Service Area Nursing Homes (2021)

Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name	County	Admissions	Licensed Beds
2021	570	54	190842	Signature Healthcare of Madison	Davidson	193	102
2021	571	53	190942	Creekside Health and Rehabilitation Center	Davidson	523	139
2021	572	58	191042	McKendree Village	Davidson	523	180
2021	573	309	191642	The Health Center at Richland Place	Davidson	857	107
2021	574	66	191842	Trevecca Center for Rehabilitation and Healing, LLC	Davidson	1196	240
2021	575	67	191942	Vanco Health and Rehabilitation, Inc.	Davidson	304	90
2021	576	215	192042	Stoneridge Health Care, LLC	Davidson	120	38
2021	577	44	192142	Bethany Center for Rehabilitation and Healling, LLC	Davidson	751	180
2021	578	51	192542	Good Samaritan Health and Rehab Center	Davidson	233	110
2021	579	48	192742	AHC Cumberland	Davidson	260	124
2021	580	45	192842	West Meade Place, LLP	Davidson	455	120
2021	581	410	192843	NHC Place at the Trace	Davidson	676	90
2021	582	63	192942	Nashville Community Care and Rehab at Bordeaux	Davidson		
2021	583	69	193142	Grace Healthcare of Whites Creek	Davidson	178	127

2021	584	56	193542	Lakeshore Heartland	Davidson	251	66
2021	585	59	193842	The Meadows	Davidson	416	113
2021	586	52	193942	Greenhills Health and Rehabilitation Center	Davidson	482	150
2021	587	343	194542	Woodcrest at Blakeford	Davidson	310	83
2021	588	392	194642	Life Care Center of Hickory Woods	Davidson	825	124
2021	589	393	194742	Life Care Center of Old Hickory Village	Davidson	990	124
2021	590	394	194842	Nashville Center for Rehabilitation and Healing, LLC	Davidson	477	119
TOTAL						10020	

Historical Utilization Service Area Nursing Homes (2020)

Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name	County	Admissions	Licensed Beds
2020	570	54	190842	Signature Healthcare of Madison	Davidson	117	102
2020	571	53	190942	Creekside Health and Rehabilitation Center	Davidson	385	139
2020	572	58	191042	McKendree Village	Davidson	439	180
2020	573	309	191642	The Health Center at Richland Place	Davidson	768	107
2020	574	66	191842	Trevecca Center for Rehabilitation and Healing, LLC	Davidson	1283	240
2020	575	67	191942	Vanco Health and Rehabilitation, Inc.	Davidson	362	90
2020	576	215	192042	Stoneridge Health Care, LLC	Davidson	142	38
2020	577	44	192142	Bethany Center for Rehabilitation and Healling, LLC	Davidson	572	180
2020	578	51	192542	Good Samaritan Health and Rehab Center	Davidson	273	110
2020	579	48	192742	AHC Cumberland	Davidson	188	124
2020	580	45	192842	West Meade Place, LLP	Davidson	261	120
2020	581	410	192843	NHC Place at the Trace	Davidson	913	90
2020	582	63	192942	Nashville Community Care and Rehab at Bordeaux	Davidson	127	419
2020	583	69	193142	Grace Healthcare of Whites Creek	Davidson	255	127
2020	584	56	193542	Lakeshore Heartland	Davidson	140	66
2020	585	59	193842	The Meadows	Davidson	185	113
2020	586	52	193942	Greenhills Health and Rehabilitation Center	Davidson	197	150
2020	587	343	194542	Woodcrest at Blakeford	Davidson	240	83
2020	588	392	194642	Life Care Center of Hickory Woods	Davidson	714	124
2020	589	393	194742	Life Care Center of Old Hickory Village	Davidson	1018	124
2020	590	394	194842	Nashville Center for Rehabilitation and Healing, LLC	Davidson	759	119
TOTAL						9338	

Source: Joint Annual Report for Nursing Homes - Schedule FP1

Nursing Home	2020 Licensed Beds	2020 % Occupancy.
	180	
Total		79.7

Nursing Home	2021 Licensed Beds	2021 % Occupancy.
	180	
Total		76.5

Criteria #8.c. Encouraging Facility Modernization

Bed Mix	Private Beds	%Total	Semi-Private Beds	% Total	Ward Beds	% Total
Current	128		52		0	
Proposed						

Criteria #14.b. Additional Occupancy Rate Standards

Nursing Home	2027 Licensed Beds	Overall	Health Inspections	Staffing	Quality Measures	2027 Occupancy %
McKendree Village	210					97%

appears to be off by 1. The total is listed as 737,504, but the numbers add up to 737,505. We have used 737,505.

(the project service area)

Skilled Care, Level II & Level I Totals
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Discharges (including deaths)	Deaths	Discharge Resident Days (including deaths)	Average Length of Stay	Licensed Occupancy Rate
133	4	13310	100.08	35.8
715	41	36600	51.19	95.9
580	76	45821	79	84.5
804	55	32888	40.91	94.7
1194	61	39552	33.13	92
247	46	16809	68.05	80.61
100	9	10818	108.18	70.1
616	62	62059	100.75	91.9
202	24	7000	34.65	64.9
169	14	12966	76.72	77.6
463	35	17324	37.42	74.7
480	44	27518	57.33	81.6
148	6	35289	238.44	79.6
188	38	29265	155.66	83.4
436	62	32327	74.14	78.4
504	25	36541	72.5	66.3
325	26	17389	53.5	98.4
789	28	18627	23.61	52.6
999	2	26050	26.08	71
566	9	29769	52.6	83.8

Skilled Care, Level II & Level I Totals

Discharges (including deaths)	Deaths	Discharge Resident Days (including deaths)	Average Length of Stay	Licensed Occupancy Rate
196	12	51808	264.33	72.1
513	51	26507	51.67	88.1
449	27	68847	153.33	76.5
856	67	38693	45.2	91.5
586	61	170156	290.37	90.1
303	25	29443	97.17	73.9
111	10	15412	138.85	79.5
795	60	57783	72.68	65.6
255	14	27775	108.92	69.2
258	10	30732	119.12	74
440	37	23945	54.42	68.3
689	13	27919	40.52	85
148	6	35289	238.44	79.6

235	40	25572	108.82	80.6
395	26	29226	73.99	75.2
271	17	22295	82.27	56.8
276	21	14302	51.82	63.5
793	24	24836	31.32	60.8
1046	14	23188	22.17	56.9
354	33	30269	85.51	83.8

Skilled Care, Level II & Level I Totals

Discharges (including deaths)	Deaths	Discharge Resident Days (including deaths)	Average Length of Stay	Licensed Occupancy Rate
121	15	19171	158.44	58
380	52	43976	115.73	86.7
453	80	40954	90.41	79.7
789	52	28258	35.81	89.5
1259	64	75802	60.21	86.5
369	30	41823	113.34	81.5
147	14	11122	75.66	70.1
624	72	41544	66.58	75.8
283	40	38928	137.55	78.2
179	40	14855	82.99	69.7
270	22	28368	105.07	56.8
889	57	23622	26.57	72.9
258	17	252930	980.35	29.1
151	20	40107	265.61	85
139	27	21702	156.13	90.1
209	78	53918	257.98	75.3
180	29	18633	103.52	34
256	41	36329	141.91	63.7
754	27	19692	26.12	51.5
1085	2	32570	30.02	69
747	23	43301	57.97	80.8

Nursing Home	2022 Licensed Beds	2022 % Occupancy.
	180	
Total		84.5

Nursing Home	2025 Licensed Beds	2025 % Occupancy.
	210	
Total		

Nursing Home	2026 Licensed Beds	2026 % Occupancy.
	210	
Total		

ORIGINAL
APPLICATION



**State of Tennessee
Health Facilities Commission**

502 Deaderick Street, Andrew Jackson Building, 9th Floor, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

hsda.staff@tn.gov

CERTIFICATE OF NEED APPLICATION

1A. Name of Facility, Agency, or Institution

The McKendree Post Acute & Rehabilitation

Name

4347 Lebanon Pike

Davidson County

Street or Route

County

Hermitage

Tennessee

37076

City

State

Zip

<https://www.themckendree.com/>

Website Address

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2A. Contact Person Available for Responses to Questions

Wells Trompeter

Mrs.

Name

Title

Holland and Knight LLP

wells.trompeter@hklaw.com

Company Name

Email Address

511 Union Street, Suite 2700

Street or Route

Nashville

Tennessee

37219

City

State

Zip

Legal Counsel

615-850-8759

Association with Owner

Phone Number

3A. Proof of Publication

Attach the full page of newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent. (Attachment 3A)

Date LOI was Submitted: 06/14/24

Date LOI was Published: 06/14/24

RESPONSE: The publisher's affidavit is attached as Attachment 3A.

4A. Purpose of Review (*Check appropriate box(es) – more than one response may apply*)

- Establish New Health Care Institution
- Relocation
- Change in Bed Complement
- Addition of a Specialty to an Ambulatory Surgical Treatment Center (ASTC)
- Initiation of MRI Service
- MRI Unit Increase
- Satellite Emergency Department
- Addition of Therapeutic Catheterization
- Positron Emission Tomography (PET) Service
- Initiation of Health Care Service as Defined in §TCA 68-11-1607(3)

Please answer all questions on letter size, white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate “N/A” (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable item Number on the attachment, i.e. Attachment 1A, 2A, etc. The last page of the application should be a completed signed and notarized affidavit.

5A. Type of Institution (*Check all appropriate boxes – more than one response may apply*)

- Hospital
- Ambulatory Surgical Treatment Center (ASTC) – Multi-Specialty
- Ambulatory Surgical Treatment Center (ASTC) – Single Specialty
- Home Health
- Hospice
- Intellectual Disability Institutional Habilitation Facility (ICF/IID)
- Nursing Home
- Outpatient Diagnostic Center
- Rehabilitation Facility
- Residential Hospice
- Nonresidential Substitution Based Treatment Center of Opiate Addiction
- Other

Other -

Hospital -

6A. Name of Owner of the Facility, Agency, or Institution

McKendree SNF Operations, LLC

Name

4347 Lebanon Pike

615-871-8200

Street or Route

Phone Number

Hermitage

Tennessee

37076

City

State

Zip

7A. Type of Ownership of Control (Check One)

- Sole Proprietorship
- Partnership
- Limited Partnership
- Corporation (For Profit)
- Corporation (Not-for-Profit)
- Government (State of TN or Political Subdivision)
- Joint Venture
- Limited Liability Company
- Other (Specify)

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's website at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. If the proposed owner of the facility is government owned must attach the relevant enabling legislation that established the facility. (Attachment 7A)

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

RESPONSE: A certificate of corporate existence and ownership chart will be attached.

8A. Name of Management/Operating Entity (If Applicable)

Name

Street or Route

County

City

State

Zip

Website Address

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. (Attachment 8A)

9A. Legal Interest in the Site

Check the appropriate box and submit the following documentation. (Attachment 9A)

The legal interest described below must be valid on the date of the Agency consideration of the Certificate of Need application.

- Ownership (Applicant or applicant’s parent company/owner) – Attach a copy of the title/deed.
 - Lease (Applicant or applicant’s parent company/owner) – Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
 - Option to Purchase - Attach a fully executed Option that includes the anticipated purchase price.
 - Option to Lease - Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense.
 - Letter of Intent, or other document showing a commitment to lease the property - attach reference document
 - Other
-

RESPONSE: A lease will be attached.

10A. Floor Plan

If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page. (Attachment 10A)

- Patient care rooms (Private or Semi-private)
- Ancillary areas
- Other (Specify)

RESPONSE: A Floor Plan will be attached.

11A. Public Transportation Route

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients. (Attachment 11A)

RESPONSE: The McKendree Post Acute & Rehabilitation is located on U.S. Highway 70, just north of Interstate 40 in Hermitage, Davidson County, Tennessee. It is accessible from 1-40 via Old Hickory Boulevard. The Metropolitan Transit Authority offers bus service to The McKendree Post Acute & Rehabilitation site on Lebanon Pike. Patients have public transit access via Bus Route #6 at the corner of Lebanon Pike and Monaco Drive. This accessibility is critical to all types of retirement community residents at The McKendree Post Acute & Rehabilitation.

12A. Plot Plan

Unless relating to home care organization, briefly describe the following and attach the requested documentation on a letter size sheet of white paper, legibly labeling all requested information. It **must** include:

- Size of site (in acres);
- Location of structure on the site;
- Location of the proposed construction/renovation; and
- Names of streets, roads, or highways that cross or border the site.

(Attachment 12A)

RESPONSE: A Plot Plan will be attached.

13A. Notification Requirements

- TCA §68-11-1607(c)(9)(B) states that “... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested.” Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.
 - Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
 - Notification in process, attached at a later date
 - Notification not in process, contact HFC Staff
 - Not Applicable

- TCA §68-11-1607(c)(9)(A) states that “... Within ten (10) days of the filing of an application for a nonresidential substitution based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of the municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant.
 - Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
 - Notification in process, attached at a later date
 - Notification not in process, contact HFC Staff
 - Not Applicable

EXECUTIVE SUMMARY

1E. Overview

Please provide an overview not to exceed **ONE PAGE** (for 1E only) in total explaining each item point below.

- Description: Address the establishment of a health care institution, initiation of health services, and/or bed complement changes.

RESPONSE:

The McKendree Post Acute & Rehabilitation (the “McKendree”), a 180 bed nursing home is seeking approval for the addition of thirty (30) Medicare and Medicaid certified beds, resulting in a total of 210 nursing home beds. Mckendree SNF Operations, LLC (“Operator”) recently acquired the assets of McKendree from Nashville Senior Care, LLC, the prior operator.

In connection with its acquisition of McKendree, Operator is committing to improving McKendree’s current operations to improve patient care and better serve Davidson County.

As part of these improvement efforts, the Applicant plans to renovate an existing building that will house the additional thirty beds. The additional beds will be located in a building connected to McKendree, which was previously licensed as a nursing home.

This additional capacity will enable the Applicant to further its mission of providing high-quality care to residents of the service area and meet the need for more beds in Davidson county in the future as reflected in the need calculation in the application.

-
- Ownership structure

RESPONSE: The facility is owned by McKendree SNF Operations, LLC.

- Service Area

RESPONSE: The service area is Davidson County.

- Existing similar service providers

RESPONSE: There are nineteen existing skilled nursing facilities in Davidson County: Signature Healthcare of Madison, Creekside Health and Rehabilitation Center, The Health Center at Richland Place, Trevecca Center for Rehabilitation and Healing, LLC, Vanco Health and Rehabilitation, Inc., Stoneridge Health Care, LLC, Bethany Center for Rehabilitation and Healing, LLC, Good Samaritan Health and Rehab Center, AHC Cumberland, West Meade Place, LLP, NHC Place at the Trace, Grace Healthcare of Whites Creek, Lakeshore Heartland, The Meadows, Greenhills Health and Rehabilitation Center, Woodcrest at Blakeford, Life Care Center of Hickory Woods, Life Care Center of Old Hickory Village, and Nashville Center for Rehabilitation and Healing, LLC.

- Project Cost

RESPONSE: The total estimated project cost is \$2,994,723, including the CON filing fee.

- Staffing

RESPONSE: The proposed bed addition will have adequate human resources to meet licensing rules.

2E. Rationale for Approval

A Certificate of Need can only be granted when a project is necessary to provide needed health care in the area to be served, will provide health care that meets appropriate quality standards, and the effects attributed to competition or duplication would be positive for consumers

Provide a brief description not to exceed ONE PAGE (for 2E only) of how the project meets the criteria necessary for granting a CON using the data and information points provided in criteria sections that follow.

- Need

RESPONSE: The Applicant's request for 30 additional beds is to renovate a previously licensed nursing home location. The prior operator did not utilize the space, and the Applicant wishes to meet the growing target patient population and Davidson County's need for 2,435 more beds in 2026.

- Quality Standards

RESPONSE: The SNF will be licensed by the Tennessee Health Facilities Commission and will maintain compliance with all applicable quality-of-care rules and regulations. The Applicant is Medicare and Medicaid certified and maintains compliance with all quality requirements. The facility has in place a Quality Assurance and Performance Improvement program and is dedicated to taking steps to improve the quality of care provided. Additionally, the facility will submit annual Quality Measure reports as required by PC 1043, Acts of 2016, if this application is approved.

- Consumer Advantage

- Choice

RESPONSE: Patients in need of skilled nursing services will have access to a high-quality, properly designed, properly equipped, and properly staffed facility that is already known in their community.

- Improved access/availability to health care service(s)

RESPONSE: Currently, a building that was previously licensed with nursing home beds sits abandoned. The Applicant proposes renovating the building and placing it back in service, providing more access to and availability for health care services.

- Affordability

RESPONSE: The Applicant is committed to promoting economic efficiencies within the healthcare system and understands that the proposed charges should align with those of other similar facilities.

3E. Consent Calendar Justification

- Letter to Executive Director Requesting Consent Calendar (Attach Rationale that includes addressing the 3 criteria)
- Consent Calendar NOT Requested

If Consent Calendar is requested, please attach the rationale for an expedited review in terms of Need, Quality Standards, and Consumer Advantage as a written communication to the Agency's Executive Director at the time the application is filed.

4E. PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		\$108,000
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		\$50,000
3. Acquisition of Site		
4. Preparation of Site		
5. Total Construction Costs		\$1,990,000
6. Contingency Fund		
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)		\$90,000
9. Other (Specify): <u>Lease</u>		\$750,000
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		
2. Building only		
3. Land only		
4. Equipment (Specify): _____		
5. Other (Specify): _____		
C. Financing Costs and Fees:		
1. Interim Financing		
2. Underwriting Costs		
3. Reserve for One Year's Debt Service		
4. Other (Specify): _____		
D. Estimated Project Cost (A+B+C)		\$2,988,000
E. CON Filing Fee		\$6,723
F. Total Estimated Project Cost (D+E)	TOTAL	\$2,994,723

GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with TCA §68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, will provide health care that meets appropriate quality standards, and the effect attributed to completion or duplication would be positive for consumers.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards adopted to guide the agency in issuing certificates of need. Until the agency adopts its own criteria and standards by rule, those in the state health plan apply.

Additional criteria for review are prescribed in Chapter 11 of the Agency Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the three criteria: (1) Need, (2) the effects attributed to competition or duplication would be positive for consumers (Consumer Advantage), and (3) Quality Standards.

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

- 1N.** Provide responses as an attachment to the applicable criteria and standards for the type of institution or service requested. A word version and pdf version for each reviewable type of institution or service are located at the following website. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html> (Attachment 1N)

RESPONSE:

Responses to the Criteria and Standards for Nursing Home Services are attached.

- 2N.** Identify the proposed service area and provide justification for its reasonable ness. Submit a county level map for the Tennessee portion and counties boarding the state of the service area using the supplemental map, clearly marked, and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. (Attachment 2N)

RESPONSE:

The proposed service area is Davidson County. A map of the proposed service area is attached.

Complete the following utilization tables for each county in the service area, if applicable.

HISTORICAL UTILIZATION

Unit Type:

- Procedures
- Cases
- Patients
- Other

Service Area Counties	Historical Utilization Most Recent Year (Year =)	% of Total
Davidson	399	76.88%
Smith	3	0.58%
Wilson	80	15.41%
Rutherford	3	0.58%
Dickson	1	0.19%
Warren	2	0.39%
Bedford	1	0.19%
Cheatham	1	0.19%
Hamilton	2	0.39%
Knox	2	0.39%
Macon	1	0.19%
Robertson	2	0.39%
Obion	2	0.39%
Other State	4	0.77%
Putnam	1	0.19%
Sumner	8	1.54%
Shelby	1	0.19%
Williamson	6	1.16%
Total	519	100%

PROJECTED UTILIZATION

Unit Type:

- Procedures
- Cases
- Patients
- Other

Service Area Counties	Projected Utilization Recent Year 1 (Year =)	% of Total
Davidson	420	80.00%
Wilson	90	17.14%
Sumner	8	1.52%
Williamson	7	1.33%
Total	525	100%

3N. A. Describe the demographics of the population to be served by the proposal.

RESPONSE:

The Applicant has responded in Attachment 3N.

B. Provide the following data for each county in the service area:

- Using current and projected population data from the Department of Health. (www.tn.gov/health/health-program-areas/statistics/health-data/population.html);
- the most recent enrollee data from the Division of TennCare (<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>),
- and US Census Bureau demographic information (<https://www.census.gov/quickfacts/fact/table/US/PST045219>).

RESPONSE:

The Applicant has responded in Attachment 3N.

4N. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, and the needs of the service area population.

RESPONSE:

The Applicant will treat all patients who need nursing home services. The nursing home patient population is heavily Medicare.

5N. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include Admissions or discharges, patient days. Average length of stay, and occupancy. Other projects should use the most appropriate.

RESPONSE:

1. The Health Center of Hermitage has an outstanding CON for the change of site/relocation of 90 beds to be Medicare certified.
2. Nashville Center for Rehabilitation and Healing has an outstanding CON for the addition of 28 Medicare certified beds.

Utilization data for Davidson County nursing homes is attached.

Historical Utilization Service Area Nursing Homes (2022)

Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name
2022	570	54	190842	Signature Healthcare of Mac
2022	571	53	190942	Creekside Health and Rehab
2022	572	58	191042	McKendree Village
2022	573	309	191642	The Health Center at Richland
2022	574	66	191842	Trevecca Center for Rehabilitation
2022	575	67	191942	Vanco Health and Rehabilitation
2022	576	215	192042	Stoneridge Health Care, LLC
2022	577	44	192142	Bethany Center for Rehabilitation
2022	578	51	192542	Good Samaritan Health and Rehabilitation
2022	579	48	192742	AHC Cumberland
2022	580	45	192842	West Meade Place, LLP
2022	581	410	192843	NHC Place at the Trace
2022	583	69	193142	Grace Healthcare of Whites
2022	584	56	193542	Lakeshore Heartland
2022	585	59	193842	The Meadows
2022	586	52	193942	Greenhills Health and Rehabilitation
2022	587	343	194542	Woodcrest at Blakeford
2022	588	392	194642	Life Care Center of Hickory
2022	589	393	194742	Life Care Center of Old Hickory
2022	590	394	194842	Nashville Center for Rehabilitation

TOTAL

Historical Utilization Service Area Nursing Homes (2021)

Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name
2021	570	54	190842	Signature Healthcare of Mac
2021	571	53	190942	Creekside Health and Rehab
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TOTAL

Historical Utilization Service Area Nursing Homes (2020)

Year (Most Recent Reported)	Facility ID	License Number	State ID	Facility Name
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2020	588	392	194642	Life Care Center of Hickory
2020	589	393	194742	Life Care Center of Old Hicl
2020	590	394	194842	Nashville Center for Rehabil
TOTAL				

6N. Provide applicable utilization and/or occupancy statistics for your institution services for each of the past three years a documentation from referral sources, and identification of all assumptions.

RESPONSE:

Applicable Historical & Projected Utilization is attached.

Nursing Home	2020 Licensed Beds	2020 % Occupancy.	Nursing Home
The McKendree Post Acute & Rehabilitation	180	79.7	The McKendree Post Acute

7N. Complete the chart below by entering information for each applicable outstanding CON by applicant or share common ownership; and describe the current progress and status of each applicable outstanding CON and how the project relates to the applicant, and the percentage of ownership that is shared with the applicant's owners.

RESPONSE:

There are no outstanding Certificate of Need applications for the facility or its owner.

CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION

The responses to this section of the application helps determine whether the effects attributed to competition or duplication would be positive for consumers within the service area.

1C. List all transfer agreements relevant to the proposed project.

RESPONSE: The applicant is currently seeking to obtain transfer agreements with surrounding Hospitals.

2C. List all commercial private insurance plans contracted or plan to be contracted by the applicant.

- Aetna Health Insurance Company
- Ambetter of Tennessee Ambetter
- Blue Cross Blue Shield of Tennessee
- Blue Cross Blue Shield of Tennessee Network S
- Blue Cross Blue Shiled of Tennessee Network P
- BlueAdvantage
- Bright HealthCare
- Cigna PPO
- Cigna Local Plus
- Cigna HMO - Nashville Network
- Cigna HMO - Tennessee Select
- Cigna HMO - Nashville HMO
- Cigna HMO - Tennessee POS
- Cigna HMO - Tennessee Network
- Golden Rule Insurance Company
- HealthSpring Life and Health Insurance Company, Inc.
- Humana Health Plan, Inc.
- Humana Insurance Company
- John Hancock Life & Health Insurance Company
- Omaha Health Insurance Company
- Omaha Supplemental Insurance Company
- State Farm Health Insurance Company
- United Healthcare UHC
- UnitedHealthcare Community Plan East Tennessee
- UnitedHealthcare Community Plan Middle Tennessee

- UnitedHealthcare Community Plan West Tennessee
- WellCare Health Insurance of Tennessee, Inc.
- Others

3C. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact upon consumer charges and consumer choice of services.

RESPONSE:

The addition of the 30 beds at the facility will not even increase the number of licensed beds in Davidson County by 1%, which the applicant believes definitely will not have a material impact on duplication and/or the provision of nursing home services by other providers in the service area. As to the impact upon consumer charges and choice, the applicant believes adding 30 beds at the facility will allow improved access and availability to all consumers in the area, especially Medicare, Medicaid, and dually certified consumers and their families.

4C. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE:

The facility is an existing provider and does not anticipate issues obtaining appropriate staff and filling needed positions for the additional 30 beds. The facility is currently fully staffed for all positions and will begin recruiting for additional positions once construction is complete. As indicated in our staffing summary, the applicant anticipated adding approximately 20 positions to meet the need for the additional beds. The applicant currently complies with and will continue to comply with the staffing requirements of the Tennessee Health Facilities Commission and CMS.

5C. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE:

The applicant is already certified by Medicare and TennCare. No additional licensure is required because the project will only increase the number of beds. The Applicant will properly notify the Licensing Board of the expanded beds and obtain approval.

HISTORICAL DATA CHART

- Total Facility
 Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency.

	Year 1	Year 2	Year 3
	2023	2022	2021
A. Utilization Data			
Specify Unit of Measure <u>Other : Patient Days</u>	53058	55531	50286
B. Revenue from Services to Patients			
1. Inpatient Services	\$15,595,202.00	\$18,461,004.00	\$15,260,175.00
2. Outpatient Services	\$0.00	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00	\$0.00
4. Other Operating Revenue (Specify) <u>stimulus</u>	\$0.00	\$0.00	\$924,610.00
Gross Operating Revenue	\$15,595,202.00	\$18,461,004.00	\$16,184,785.00
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$0.00	\$0.00	\$0.00
2. Provision for Charity Care	\$0.00	\$0.00	\$0.00
3. Provisions for Bad Debt	\$327,001.00	\$0.00	\$0.00
Total Deductions	\$327,001.00	\$0.00	\$0.00
NET OPERATING REVENUE	\$15,268,201.00	\$18,461,004.00	\$16,184,785.00

PROJECTED DATA CHART

- Project Only
 Total Facility

Give information for the *two (2)* years following the completion of this proposal.

	Year 1	Year 2
	2026	2027
A. Utilization Data		
Specify Unit of Measure <u>Other : Patient Days</u>	4422	7369
B. Revenue from Services to Patients		
1. Inpatient Services	\$1,564,659.00	\$2,686,016.62
2. Outpatient Services	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00
4. Other Operating Revenue (Specify) _____	\$0.00	\$0.00
Gross Operating Revenue	\$1,564,659.00	\$2,686,016.62
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$391,694.00	\$652,273.00
2. Provision for Charity Care	\$3,129.31	\$5,320.31
3. Provisions for Bad Debt	\$15,646.59	\$26,601.55
Total Deductions	\$410,469.90	\$684,194.86

NET OPERATING REVENUE

\$1,154,189.10

\$2,001,821.76

PROJECTED DATA CHART

- Total Facility
- Project Only

Give information for the *two (2)* years following the completion of this proposal.

	Year 1	Year 2
	<u>2026</u>	<u>2027</u>
A. Utilization Data		
Specify Unit of Measure <u>Other : Patient Days</u>	<u>57479</u>	<u>60426</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$20,340,561.00</u>	<u>\$33,037,766.40</u>
2. Outpatient Services	<u>\$0.00</u>	<u>\$0.00</u>
3. Emergency Services	<u>\$0.00</u>	<u>\$0.00</u>
4. Other Operating Revenue (Specify) _____	<u>\$0.00</u>	<u>\$0.00</u>
Gross Operating Revenue	<u>\$20,340,561.00</u>	<u>\$33,037,766.40</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$2,847,678.54</u>	<u>\$4,625,287.30</u>
2. Provision for Charity Care	<u>\$50,851.40</u>	<u>\$66,075.53</u>
3. Provisions for Bad Debt	<u>\$203,405.61</u>	<u>\$330,377.66</u>
Total Deductions	<u>\$3,101,935.55</u>	<u>\$5,021,740.49</u>
NET OPERATING REVENUE	<u>\$17,238,625.45</u>	<u>\$28,016,025.91</u>

7C. Please identify the project’s average gross charge, average deduction from operating revenue, and average net charge using information from the Historical and Projected Data Charts of the proposed project.

Project Only Chart

	Previous Year to Most Recent Year	Most Recent Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	\$0.00	\$0.00	\$353.84	\$364.50	0.00
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	\$0.00	\$0.00	\$92.82	\$92.85	0.00
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	\$0.00	\$0.00	\$261.01	\$271.65	0.00

8C. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE:

The Applicant does not expect charges to change, but revenue will increase simply due to the addition of beds. However, due to contract negotiations with payors, the applicant anticipates nominal charge increases in Year 2 of the project.

9C. Compare the proposed project charges to those of similar facilities/services in the service area/adjoining services areas, or to proposed charges of recently approved Certificates of Need.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE:

The proposed project charges are the same as the currently licensed beds at the Applicant's facility.

10C. Report the estimated gross operating revenue dollar amount and percentage of project gross operating revenue anticipated by payor classification for the first and second year of the project by completing the table below.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Applicant’s Projected Payor Mix
Project Only Chart**

Payor Source	Year-2026		Year-2027	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$132,996.02	8.50	\$228,311.42	8.50
TennCare/Medicaid	\$877,773.70	56.10	\$1,506,855.32	56.10
Commercial/Other Managed Care	\$50,069.09	3.20	\$85,952.53	3.20
Self-Pay	\$363,000.89	23.20	\$623,155.86	23.20
Other(Specify)	\$140,819.30	9.00	\$241,741.49	9.00
Total	\$1,564,659.00	100%	\$2,686,016.62	100%
Charity Care	\$3,129.31		\$5,320.31	

**Needs to match Gross Operating Revenue Year One and Year Two on Projected Data Chart*

Discuss the project’s participation in state and federal revenue programs, including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project.

RESPONSE: All of the facility's currently licensed beds are dually certified by Medicare and Medicaid, and if approved, the new bed additions will become dually certified.

QUALITY STANDARDS

1Q. Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016, must report annually using forms prescribed by the Agency concerning appropriate quality measures. Please attest that the applicant will submit an annual Quality Measure report when due.

- Yes
- No

2Q. The proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions.

- Does the applicant commit to maintaining the staffing comparable to the staffing chart presented in its CON application?
 - Yes
 - No

- Does the applicant commit to obtaining and maintaining all applicable state licenses in good 3standing?
 - Yes
 -

No

- Does the applicant commit to obtaining and maintaining TennCare and Medicare certification(s), if participation in such programs are indicated in the application?

Yes

No

3Q. Please complete the chart below on accreditation, certification, and licensure plans. Note: if the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)	Provider Number or Certification Type
Licensure	<input checked="" type="checkbox"/> Health Facilities Commission/Licensure Division <input type="checkbox"/> Intellectual & Developmental Disabilities <input type="checkbox"/> Mental Health & Substance Abuse Services	Active	58
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> TennCare/Medicaid <input type="checkbox"/> Other _____	Active Active	44-5491 744-0609
Accreditation(s)			

4Q. If checked “TennCare/Medicaid” box, please list all Managed Care Organization’s currently or will be contracted.

- AMERIGROUP COMMUNITY CARE- East Tennessee
- AMERIGROUP COMMUNITY CARE - Middle Tennessee
- AMERIGROUP COMMUNITY CARE - West Tennessee
- BLUECARE - East Tennessee
- BLUECARE - Middle Tennessee
- BLUECARE - West Tennessee
- UnitedHealthcare Community Plan - East Tennessee
- UnitedHealthcare Community Plan - Middle Tennessee
- UnitedHealthcare Community Plan - West Tennessee
- TENNCARE SELECT HIGH - All
- TENNCARE SELECT LOW - All
- PACE
- KBB under DIDD waiver
- Others

5Q. Do you attest that you will submit a Quality Measure Report annually to verify the license, certification, and/or accreditation status of the applicant, if approved?

- Yes
- No

6Q. For an existing healthcare institution applying for a CON:

- Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future.

- Yes
- No
- N/A

- Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility.)

- Yes
- No
- N/A

7Q. Respond to all of the following and for such occurrences, identify, explain, and provide documentation if occurred in last five (5) years.

Has any of the following:

- Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or.

Been subject to any of the following:

- Final Order or Judgement in a state licensure action;
 - Yes
 - No
- Criminal fines in cases involving a Federal or State health care offense;
 - Yes
 - No
- Civil monetary penalties in cases involving a Federal or State health care offense;
 - Yes
 - No
- Administrative monetary penalties in cases involving a Federal or State health care offense;
 - Yes
 - No
- Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services;
 - Yes
 - No
- Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or
 - Yes
 - No
- Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.
 - Yes
 - No

8Q. Provide the project staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions.

Existing FTE not applicable (Enter year)

Position Classification	Existing FTEs(enter year)	Projected FTEs Year 1
A. Direct Patient Care Positions		
Licensed Practical Nurse	8.00	11.00
Registered Nurse	9.00	12.00
Certified Nurse's Aides	36.00	40.00
Other Direct Patient Care Positions	8.00	10.00
Total Direct Patient Care Positions	61	73

B. Non-Patient Care Positions		
Housekeeping	21.00	24.00
Administrator	1.00	1.00
Activity Coordinator	5.00	6.00
Maintenance	14.00	15.00
Other Non-Health	17.00	18.00
Total Non-Patient Care Positions	58	64
Total Employees (A+B)	119	137

C. Contractual Staff		
Contractual Staff Position	26.00	28.00
Total Staff (A+B+C)	145	165

DEVELOPMENT SCHEDULE

TCA §68-11-1609(c) provides that activity authorized by a Certificate of Need is valid for a period not to exceed three (3) years (for hospital and nursing home projects) or two (2) years (for all other projects) from the date of its issuance and after such time authorization expires; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificate of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need authorization which has been extended shall expire at the end of the extended time period. The decision whether to grant an extension is within the sole discretion of the Commission, and is not subject to review, reconsideration, or appeal.

- Complete the Project Completion Forecast Chart below. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital and nursing home projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HFC action on the date listed in Item 1 below, indicate the number of days from the HFC decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date (Month/Year)
1. Initial HFC Decision Date		08/28/24
2. Building Construction Commenced	200	03/15/25
3. Construction 100% Complete (Approval for Occupancy)	565	03/15/26
4. Issuance of License	600	04/19/26
5. Issuance of Service	620	05/09/26
6. Final Project Report Form Submitted (Form HR0055)	620	05/09/26

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

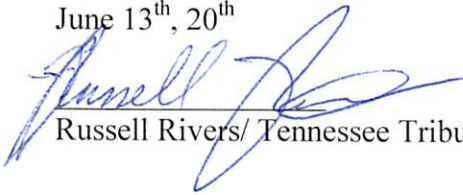
The Tennessee Tribune
Middle Tennessee's Leading Black Newspaper
1501 Jefferson Street Nashville, TN 37208 615-321-3268

Affidavit of Publication
State of Tennessee
County of Davidson

The Tennessee Tribune, A weekly newspaper published and distributed in the aforementioned county and state, hereby certify that the attached advertisement appeared in The Tennessee Tribune.

Date of Publication:

June 13th, 20th


Russell Rivers/ Tennessee Tribune

This 13th day of June, 2024 Subscribed and sworn before me, Wanda Miller Sawyers


Notary Signature



**TENNESSEE HEALTH FACILITIES COMMISSION
NOTICE OF INTENT**



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

JOHN WILLIAMSON
2700
511 UNION STREET
NASHVILLE, TN 37219

June 25, 2024

Request Type: Certificate of Existence/Authorization
Request #: 0589517

Issuance Date: 06/25/2024
Copies Requested: 1

Document Receipt

Receipt #: 009089642 Filing Fee: \$20.00
Payment-Credit Card - State Payment Center - CC #: 3876696497 \$20.00

Regarding: Mckendree SNF Operations LLC
Filing Type: Limited Liability Company - Foreign Control #: 1529530
Formation/Qualification Date: 04/05/2024 Date Formed: 02/16/2024
Status: Active Formation Locale: NEVADA
Duration Term: Perpetual Inactive Date:

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

Mckendree SNF Operations LLC

- * is a Limited Liability Company formed in the jurisdiction set forth above and is authorized to transact business in this State;
- * has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- * has appointed a registered agent and registered office in this State;
- * has not filed an Application for Certificate of Withdrawal.


Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 068317831



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: Mckendree SNF Operations LLC

General Information

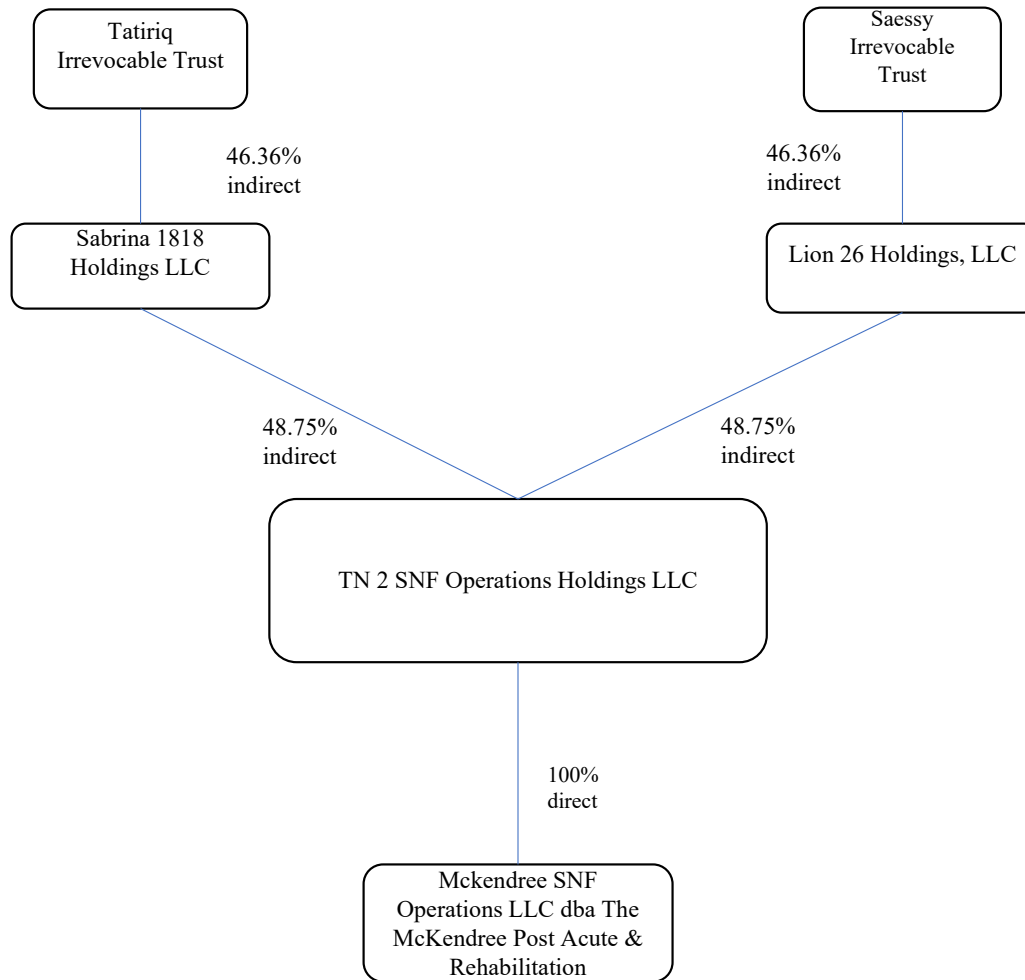
SOS Control #	001529530	Formation Locale:	NEVADA
Filing Type:	Limited Liability Company - Foreign	Date Formed:	02/16/2024
	04/05/2024 3:42 PM	Fiscal Year Close	12
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Managed By:	Member Managed		

Registered Agent Address
REGISTERED AGENTS INC
STE 200
116 AGNES RD
KNOXVILLE, TN 37919

Principal Address
4347 LEBANON PIKE
HERMITAGE, TN 37076

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
04/10/2024	Assumed Name	B1547-3229
New Assumed Name Changed From: No Value To: The McKendree Post Acute & Rehabilitation		
04/05/2024	Initial Filing	B1516-2634
Active Assumed Names (if any)		Expires
The McKendree Post Acute & Rehabilitation		04/10/2029



No Management Agreement.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into as of this 17th date of June, 2024 ("Execution Date") and is effective as of 18th day of June, 2024 (the "Effective Date") by and among McKendree SNF Property Holdings, LLC, a Delaware limited liability company; [REDACTED] (collectively, the "Lessor"), and McKendree SNF Operations LLC, a Nevada limited liability company; McKendree ALF Operations LLC, a Nevada limited liability company; McKendree ILF Operations LLC, a Nevada limited liability company; and [REDACTED] (collectively, the "Lessee").

RECITALS:

A. Lessor owns fee simple title in and to those certain parcels of real estate, which are more particularly described on Exhibit A attached hereto and made a part hereof (collectively, the "Demised Premises"), and the furnishings, furniture, equipment and fixtures used in or about the Demised Premises ("Personal Property").

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

C. [REDACTED]

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

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

ARTICLE I - DEFINITIONS

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

(a) "Business Days" shall mean any day other than Saturday, Sunday and any day which is a legal holiday in the State of Tennessee. For purposes of this Lease, the following Jewish holidays shall be considered legal holidays: Rosh Hashanah, Yom Kippur, Sukkos, Simchas Torah, Shemini Atzeres, Passover, and Shavuot. If the last day for taking any action

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required by this Lease, or the last day of any period contemplated under this Lease, falls on a weekend or legal holiday, then the period during which such action may be taken or the end of such period, as the case may be, shall be automatically extended to the next Business Day.

(b) “**Facility**” shall mean each of the skilled nursing, assisted living or independent living facilities as more particularly described on **Schedule 8.3**.

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

ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY

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

ARTICLE III - TERM OF LEASE

3.1 The term of this Lease (the “**Term**”) shall begin and be effective as of the date set forth on the Commencement Date Rider, attached hereto as **Exhibit B** and made a part hereof (“**Commencement Date**”), and shall expire on the day prior to the ten (10) year anniversary of the Commencement Date (the “**Initial Term**”), unless sooner terminated or extended as hereinafter provided. The parties agree to promptly execute the Commencement Date Rider following Lessor’s acquisition of the Facility, reflecting the Commencement Date as the date of such acquisition. Under any and all circumstances, Lessor shall not be liable to Lessee, in damages or otherwise, for any delay in delivering the Leased Premises to Lessee and Lessee shall have no right to terminate or rescind this Lease on account thereof. As used herein with respect to the Term and the periods for payment of Rent from and after the Commencement Date (unless the context otherwise requires) the term “year” shall mean a three hundred sixty-five (365) day period (or three hundred sixty-six (366) day period in the case of a leap year).

3.2 Lessee shall have two (2) five (5) year options to extend the lease (“**Extension**”) up to a total term of twenty (20) years from the Commencement Date. If Lessee exercises any such options, the “Term” shall include such Extension, and the expiration date shall be changed accordingly.

3.3 In order to exercise an Extension, Lessee must provide written notice (an “**Extension Notice**”) to Lessor at least sixty (60) days prior to the expiration of the current Term, indicating an Extension shall occur, and there must be no Event of Default hereunder then existing at the time the Extension Notice is given and at the time that the Extension becomes effective.

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ARTICLE IV - RENT

4.1 Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as fixed annual base rent (“**Base Rent**”) for the Demised Premises and the Personal Property over and above all other and additional payments to be made by Lessee as provided in this Lease, as provided in **Schedule 4.1** attached hereto and made a part hereof, to be paid in equal monthly installments. All payments of Rent (as hereinafter defined), together with any and all tax and insurance deposits provided for in this Lease, shall be paid in advance on the first day of each month, provided that the first monthly payment, exclusively, during the Term may be made at any time during the first month so long as it is paid prior to the first payment due to Lender pursuant to the Loan Documents. Unless otherwise notified in writing Lessor directs Lessee to deliver all rental payments payable to Lessor, as directed by Lessor.

4.2 This Lease is and shall be deemed and construed to be a triple net lease and the Base Rent specified herein shall be net to Lessor in each year during the Term of this Lease. The Lessee shall pay all costs, expenses and obligations (ordinary and extraordinary) of every kind whatsoever relating to the Demised Premises and the Personal Property which may arise or become due during the Term of this Lease (the “**Additional Rent**”), including, but not limited to, the payment of property taxes as provided in Articles VI and VII of this Lease, the maintenance of insurance policies as provided in Article IX of this Lease, maintenance and repairs to the Demised Premises and Facility required by Lender or to maintain in the same condition as of the commencement of the Lease, excepting reasonable wear and tear, but subject to Lessee’s obligation to maintain the Demised Premises pursuant to Section 11.1 of this Lease, funding any monthly repair reserves required by Lender, which shall be no less than the per bed amount provided in Section 7.3 of this Lease, and payment to any parties providing goods and/or services with respect to operation of the Facility, except for any principal and interest payments due with respect to any Loan Document and Lessor’s general overhead and administrative expenses and its United States and state income taxes. Lessee does hereby agree to indemnify, defend and hold harmless Lessor against any such costs, expenses and obligations. Notwithstanding the foregoing, Lessor and Lessee acknowledge and agree that Lessee shall not be responsible for payment of principal and interest, any prepayment fee, or exit fee payable to Lender under the terms of the Loan Documents.

4.3 All rental payments, together with all tax and insurance deposits provided for in this Lease (unless otherwise provided in this Lease), shall be paid on or prior to the first (1st) day of each month. Unless otherwise notified in writing all checks shall be made payable as directed by Lessor and shall be sent to Lessor at the place designated by Lessor or, at Lessee’s election, shall be paid via wire pursuant to the wire instructions provided by the Lessor.

4.4 Except as otherwise specifically provided herein, no reduction in the number of licensed beds shall entitle Lessee to any reduction or adjustment of the Base Rent or Additional Rent (collectively, the “**Rent**”) payable hereunder, which shall be and continue

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to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of licensed beds.

ARTICLE V - LATE CHARGES

5.1 If: (a) payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or (b) payments made by Lessor under any provision hereof for which Lessor are entitled to reimbursement by Lessee, shall become overdue beyond five (5) calendar days after the date on which they are due and payable as set forth in this Lease, a late charge equal to the greater of two and one-half percent (2.5%) per month or the default rate charged by Lender on the sums so overdue shall be immediately due and payable to Lessor and said late charges shall be payable on the first (1st) day of the month next succeeding the month during which Lessor gives notice of the incurrence of a late charge to Lessee. In addition, Lessee shall be liable to Lessor for any late charges due under the Loan Documents, which accrue as a result of (a) payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease; or (b) payments made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee. Lessee agrees that any such late charges shall not be deemed to be a penalty, but shall be deemed to be liquidated damages because of the impossibility of computing the actual amount of damages in advance. If nonpayment of any late charges shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of Rent. Except as otherwise provided in this Article V, no failure by Lessor to insist upon the strict performance by Lessee of Lessee's obligations to pay late charges shall constitute a waiver by Lessor of its rights to enforce the provisions of this Article in any instance thereafter occurring, and nothing contained herein shall be deemed to be a waiver of or limitation on the right of Lessor from declaring an Event of Default, as defined herein because of Lessee's failure to make any payment due hereunder when such payment was due.

ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as Additional Rent before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes (except taxes for which Lessee shall make deposits with Lessor in accordance with the provisions of Article VII of this Lease), assessments, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the Term of this Lease may have been, or may be assessed, levied, confirmed, imposed upon or become due and payable out of or in respect of, or become a lien on the Demised Premises and/or Personal Property or any part thereof (collectively, "**Taxes and Assessments**"). Lessor shall provide to Lessee copies of any bills received by it for Taxes and Assessments. Except for taxes for which Lessee shall make deposits with Lessor or Lender in accordance with the provisions of Article VII, not later than ten (10) days prior to the due date for such Taxes and Assessments or five (5) days following its receipt of the bill therefore (whichever is later), Lessee shall pay to Lessor the amount of Taxes and Assessments due. At the request of Lessee, within five (5) days of any payment by Lessor of the Taxes and Assessments, a copy of the paid stamped bill or other evidence of payment shall be delivered to Lessee. To the extent the Taxes and Assessments are later determined to be

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due in a lesser amount than Lessees previously paid to Lessor, Lessee shall be entitled to a refund of such overpayment within thirty (30) days of Lessee's written notice to Lessors of such overpayment.

6.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the Term of this Lease and a part of which is included in a period of time before or after the Term of this Lease, shall be adjusted pro rata between Lessor and Lessee as of the commencement and termination of the Term and each party shall be responsible for its pro rata share of any such Taxes and Assessments.

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

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

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

(b) Lessee shall have deposited with Lessor, to be held in trust, cash or securities in an amount (against which Lessee shall receive a credit equal to the amount pertaining to the period such Taxes and Assessments are being contested held by Lessor pursuant to the terms of Section 7.1 hereof) reasonably satisfactory to Lessor but in no event less than the amount required by Lender, or if there is then no Lender encumbering the Demised Premises, then one hundred five percent (105%) of the amount of such Taxes and Assessments, including the amount of any interest thereon and penalties in connection with the nonpayment thereof, which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to the amount required by Lender, or if there are no Loan Documents, then an amount equal to one hundred five percent (105%) of such Taxes and Assessments at any time actually due and payable, together with all interest, costs and penalties in connection therewith and all charges that are assessed against or become a charge on the Demised Premises or any part thereof in such proceedings.

(c) Lessee shall comply with Lender's requirements for a tax contest as if Lessee were the mortgagee or borrower under the Loan Documents.

Notwithstanding anything contained in this Article VI to the contrary, if Lessee has declined to contest, Lessor shall have the right to contest the amount or validity of any Taxes or Assessments.

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

6.5 Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor out of the amount deposited with respect to such Taxes and Assessments and accrued interest as aforesaid. In the event such amount is insufficient, then the balance due shall be promptly paid by Lessee. In the event the amount of funds deposited by Lessee with respect to any such contested Taxes and Assessments plus any accrued interest thereon is in excess of such Taxes and Assessments due as finally determined in such proceeding (including any costs, fees, interest, penalties or other liabilities in connection therewith), then such excess funds shall be promptly returned to Lessee by Lessor.

6.6 Lessor shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Lessor in which event Lessor shall join in such proceedings or permit the same to be brought in its name and Lessee shall pay for all costs in connection therewith. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify, defend and save harmless Lessor from any such costs and expenses, including, without limitation, reasonable attorneys' fees, as a result of such proceedings. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor to the extent such amounts were previously paid or deposited in full by Lessee. Lessor agrees that it will reasonably assist Lessee to provide any necessary information and execute any necessary documents in connection with proceedings referred to in this Article.

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

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Assessments from the amounts deposited by Lessee pursuant to the terms of Section 6.4 above.

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

6.9 On the Effective Date, Lessor received or paid (or was entitled to receive or pay) certain credits from (or to) the prior operator (or its affiliate) of each Facility relating to operations of such Facility prior to, on or after the Effective Date in amounts as set forth on Schedule 6.9 to this Lease (collectively, the net amount labeled being the "Operations Credits"). Lessee shall be entitled to offset amounts due to the Lessor (i) as Rent due on or prior to July 1, 2024 in an amount equal to the Operations Credits and (ii) and an additional Five Hundred Fifty Thousand (\$550,000.00) Dollars of the Security Deposit (collectively (i) and (ii) the "Offset Items"); provided, however, if the Operations Credits exceed all Offset Items due and owing on or before July 1, 2024, Lessor shall pay such excess amount above the Offset Items to Lessee on or prior to July 1, 2024.

ARTICLE VII - TAX, INSURANCE AND REPLACEMENT RESERVE DEPOSITS

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

7.2 Notwithstanding anything to the contrary contained herein, if Lessor is required under a Loan Document to make, with Lender thereunder, monthly deposits for insurance premiums and, except for this Lease, Lessor would actually be making such payments, then Lessee will make monthly deposits for insurance premiums with Lessor, in an amount equal one twelfth (1/12th) of the insurance premiums, or such applicable amount required by a Lender. Provided that Lessee at all times comply with the immediately

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preceding sentence, Lessee shall suffer no liability hereunder in the event that the insurance premiums are not timely paid to the insurance company. The deposits, if applicable, for insurance deposits, shall be due and payable on the first (1st) day of each month as Additional Rent. Not later than five (5) days following its receipt thereof, Lessor shall provide to Lessee copies of any insurance bills received by it, if not paid by directly by Lessee. At the request of Lessee, within five (5) days of any payment by Lessor of insurance premiums, a copy of the paid insurance bill or evidence of payment of the insurance premiums shall be delivered to Lessee.

7.3 Lessee will make monthly deposits for replacement reserves (“**Replacement Reserves**”) with Lessor, in an amount equal to at least \$350 per bed, per year, or any greater amount Lessor is required to make under the Loan Documents. The deposits for replacement reserves, shall be due and payable on the first (1st) day of each month as Additional Rent. Notwithstanding the foregoing, in the event that a Lender does not require Replacement Reserves, Lessee shall spend at least Three Hundred and Fifty and No/100 Dollars (\$350.00) per bed, per year. If Lessee fails to spend at least Three Hundred and Fifty and No/100 Dollars (\$350.00) per bed, per year, Lessee shall deposit with Lessor the difference between Three Hundred and Fifty and No/100 Dollars (\$350.00) per bed and Lessee’s actual expenses, which shall be held by Lessor as a Replacement Reserve. Lessee shall also make any replacement reserve deposits required to be made by a Lender at the closing of its loan to Lessor.

7.4 All amounts required to be deposited pursuant to this Article VII shall be held for the benefit of Lessee for the purposes set forth herein; provided that upon the occurrence and continuation of an Event of Default hereunder, Lessor may elect in its discretion to apply such amounts to obligations of Lessee under this Lease, in Lessor’s discretion.

ARTICLE VIII - OCCUPANCY

8.1 During the Term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a skilled nursing, assisted living or independent living facility, as applicable, and for no other purpose. Subject to the terms of Article XX hereof, Lessee shall at all times during the Term, maintain in good standing and full force a probationary or non-probationary license (the “**License**”) issued by the Tennessee Dept. of Health and any other governmental agencies permitting the operation on the Demised Premises as a skilled nursing, assisted living or independent living facility, as applicable (collectively, “**DPH**”).

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

8.3 Except upon the exercise of the Purchase Option or as otherwise specifically provided for in this Lease, upon termination of this Lease for any reason, Lessee will return to Lessor the Demised Premises in the same condition as existed on the Commencement Date,

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reasonable wear and tear excepted, and licensed by the State of Tennessee and by any governmental agencies having jurisdiction over the Demised Premises as a skilled nursing, assisted living or independent living facility, as applicable, with unrestricted licenses in full force and good standing for no less than the number of skilled and/or intermediate beds as identified on **Schedule 8.3**. Except as otherwise specifically provided herein, no reduction in the number of licensed beds shall entitle Lessee to any reduction or adjustment of the Rent payable hereunder, which shall be and continue to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of licensed beds. Lessee shall, within five (5) days following its receipt thereof, provide Lessor with a copy of any notice from DPH or any federal, state or municipal governmental agency or authority regarding any reduction in the number of licensed beds and Lessor shall have the right to contest, by appropriate legal or administrative proceedings, any such reduction.

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

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

8.5 In no event shall Lessee relocate any of the licensed bed, or certificate of need, rights at the Facility to another location, or otherwise reduce the number of licensed beds, without Lessor's express written consent which shall not be unreasonably withheld, conditioned or delayed. Any action taken by Lessee in connection with any of the foregoing matters without Lessor's express written consent shall be void and of no force and effect. Any and all license and beds rights with respect to the Facility, to the extent permitted under applicable law, shall be the property of Lessor and included in the Demised Premises hereunder. In the event the Facility adds any licensed beds during the Term, then to the extent permitted by applicable law such additional beds shall become part of the Demised Premises and all rights with respect thereto shall be the property of Lessor and may not be subsequently removed or transferred by Lessee.

ARTICLE IX - INSURANCE

9.1 Subject to any additional requirements of the Loan Documents, as applicable, Lessee shall, at its sole cost and expense, as of the Commencement Date and during the Term, maintain fire, and casualty insurance with extended coverage endorsement, which includes coverage for malicious mischief and vandalism both on the Demised Premises and the Personal Property on the Tennessee standard form with a responsible company or companies approved by Lessor, which approval will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause, if possible) in an amount equal to the full replacement value of the Demised Premises and Personal Property, but not less than that required by Lender, but in any event in an amount sufficient to prevent Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Lender, as applicable, Lessor and Lessee, as their interests may appear and shall contain a loss-payable clause to the Lender, as its interest may appear. Upon the reasonable request of Lessor, provided however no less frequently than such time as required by Lessee's insurance carrier, Lessee shall furnish at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals in form and substance as are regularly and ordinarily made by insurance companies, in order to determine the then replacement value of the Demised Premises and Personal Property, and if such appraisal shows that the amount of casualty insurance maintained by Lessee hereunder is insufficient, the amount of insurance required by this Section 9.1 shall be adjusted accordingly.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the Term of this Lease, insurance from an insurance company with a "B++" rating or higher from A.M. Best Company, and in any case in accordance with the requirements set forth in the Loan Documents, provided in the absence of requirements in the Loan Documents or by Lender, no less than the following:

(a) A public liability policy naming Lessor, Lender, Lessee, as applicable, and Lessee, as insured, and insuring them against claims for bodily injury, or property damage

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occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, and including professional malpractice insurance covering employees of the Facility, such insurance to afford protection to the limits reasonably established by Lessee in the operation of its business, but not less than \$500,000 per each occurrence and \$1,000,000 in the aggregate or any greater amount required by the Loan Documents.

(b) If there is a boiler, air conditioner or water heater located on the Demised Premises, boiler explosion insurance, in the amount of not less than \$500,000, under the terms of which Lessor and Lessee will be indemnified, as their interests may appear, against any loss or damage which may result from any accident or casualty in connection with any boiler used in the Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises.

9.3 All policies of insurance shall provide, to the extent available at a commercially reasonable price, unless otherwise required by the Lender:

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

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

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

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

9.5 Lessee shall at all times keep in effect business interruption insurance with loss of rents endorsement naming Lessor as an insured in an amount at least sufficient to cover:

(a) The aggregate of the cost of all Taxes and Assessments due during the period of the next succeeding twelve (12) months following the occurrence of the business interruption;

(b) The cost of all insurance premiums for insurance required to be carried by Lessee for such twelve (12) month period; and

(c) The aggregate of the amount of the monthly Base Rent for the next succeeding twelve (12) month period.

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All proceeds of any business interruption insurance or loss of rents coverage shall be applied, first, to the payment of any Base Rent payments for the next succeeding twelve (12) months to the extent that such payments are due and payable; second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months to the extent that such payments are due and payable; and, thereafter, after all necessary repairing, rebuilding, restoring or replacing has been completed as required by the pertinent Articles of this Lease and the pertinent sections of the Loan Documents, any remaining balance of such proceeds shall be paid over to the Lessee.

9.6 In the event the amount of insurance proceeds under Section 9.1 exceeds Two Hundred Fifty Thousand Dollars (\$250,000), such insurance proceeds as may be paid to Lessee and Lessor, shall be governed by the Loan Documents or if no Loan Documents, then deposited with Lessor to be held and disbursed for the repairing, rebuilding, restoring or replacing of the Demised Premises or any portion thereof, or any improvements from time to time situated thereon or therein in accordance with Sections 9.7 and 9.8 hereof, or with the pertinent provisions of the Loan Documents.

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

9.8 Prior to making any such repairs costing in excess of Two Hundred Fifty Thousand Dollars (\$250,000), if so requested by Lessor, Lessee shall do the following or provide to Lessor the following documentation, as Lessor may reasonably require to protect its interest in the Demised Premises and Personal Property: (a) submit complete plans and specifications for such repairs prepared by an architect or general contractor whose qualifications shall be reasonably satisfactory to Lessor; (b) submit a stipulated sum construction contract made with a reputable and responsible builder or contractor, providing for the completion and payment for all work, labor and materials necessary to complete such repairs; and (c) disburse such funds as may be required to complete said repairs by a national title insurance company or other responsible escrowee at Lessee's sole cost and expense to the contractor or contractors making such repairs in installments as such work progresses and

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upon presentment of such certificates, waivers of lien, sworn statements and other documents as may be required by such escrowee; and (d) take such other actions or provide such other documentation to Lessor as Lessor may reasonably require to protect its interest in the Demised Premises and Personal Property.

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants herein agreed to be performed, Lessor may, upon providing ten (10) Business Days' prior notice specifying the work to be done or covenants to be performed and the approximate amount to be expended, but shall not be required to, make such payment or perform such covenants (any of the foregoing, "Protective Advances"), and all sums so expended by Lessor, including Lessor's reasonable expenses in enforcing or performing such covenants, including reasonable attorneys' fees shall be payable by Lessee to Lessor upon demand with interest thereon at the Default Rate (as defined in Section 25.3 herein) within five (5) Business Days thereafter. In particular and without limiting the generality of the foregoing, following the occurrence of an Event of Default hereunder, Lessor shall be entitled to make Protective Advances pursuant to the terms hereof with respect to payments due to any parties providing goods and/or services for the Facility. Any of the foregoing costs or expenses incurred or payments made by Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

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

ARTICLE XI - REPAIRS AND MAINTENANCE

11.1 Throughout the Term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (including the grounds, sidewalks, roof, parking lots and curbs abutting the same) and the Personal Property in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Commencement Date (ordinary wear and tear excepted), and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, ordinary and extraordinary, exterior and interior, replacing, repairing and restoring necessary and any additional repairs as may be required by the Lender. All replacing, repairing and restoring required of Lessee shall be (in the reasonable opinion of Lessor) of comparable quality equal to the original work and shall be in compliance with all standards and requirements of law, licenses and municipal ordinances necessary to operate the Demised Premises as a skilled nursing, assisted living or independent living facility, as applicable. Subject to the Loan Documents, any Replacement Reserves deposited with Lender by Lessee shall be made available to Lessee for completion of the work required under this Section 11.1.

11.2 In addition to the foregoing, Lessee shall cause the work described on **Schedule 11.2** attached hereto to be completed in a good, safe and workmanlike manner and

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in accordance with all applicable laws, ordinances, rules and regulations at its expense and as required by the Lender. Promptly following completion thereof, Lessee shall provide Lessor with evidence thereof reasonably acceptable to Lessor and its Lender.

11.3 In the event that any part of the improvements located on the Demised Premises or the Personal Property shall be damaged or destroyed by fire or other casualty (any such event, being called a “Casualty”), Lessee shall promptly replace, repair and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all the terms, covenants and conditions and other requirements of this Lease and the Loan Documents applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored as to be of at least equal value and substantially the same character as on the Commencement Date. If the estimated cost of any such restoring, replacing or repairing is Two Hundred Fifty Thousand Dollars (\$250,000) or more, the plans and specifications for same shall be first submitted to and approved by Lessor in writing, which approval shall not be unreasonably withheld or delayed, and Lessee shall select an independent architect or engineer approved by Lessor (which approval shall not be unreasonably withheld or delayed) who shall be in charge of such repairing, restoring or replacing. Upon the demand of Lessor, Lessee shall deposit with a nationally recognized title insurance company, prior to the commencement of any such repairing, restoring or replacing, the total estimated cost thereof less the insurance proceeds and amounts required to be contributed by Lessor, if any, and disbursements shall be made pursuant to the terms of Section 9.8 hereof. Lessee covenant that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of Two Hundred Fifty Thousand Dollars (\$250,000). Any insurance proceeds with respect to a Casualty in excess of amounts required to repair the Facility, as well as any award with respect to a condemnation of any of portion of the Demised Premises, shall be the property of Lessor.

11.4 Provided that there is no uncured Event of Default by Lessee under this Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property which may have become obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises, provided Lessee promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, and the replacement personal property shall be of the same character, and at least equal usefulness and quality to any such Personal Property so removed or disposed of and such replacement property shall automatically become the property of and shall belong to Lessor and Lessee shall execute and deliver such bills of sale or other documents reasonably requested by Lessor to vest ownership of such replacement personal property in Lessor.

11.5 Furthermore, Lessor shall provide Lessee with a loan for amounts to be used by Lessee for immediate repairs to the facilities in the first eighteen (18) months on the following terms: principal amount of Two Million Dollars (\$2,000,000), the maturity date shall be the earlier of two (2) years or the date on which Lessee exercises the Purchase Option, ten percent (10%) interest with quarterly payments of interest and a balloon payment of all outstanding principal, at maturity, which, should the Purchase Option be exercised, shall be

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added to the Purchase Price (as defined in the Purchase Option) under the Purchase Option in the form of **Exhibit G** (the “**CapEx Note**”).

11.6 In the event of condemnation by eminent domain or similar law, including a sale in lieu thereof to an authority or other entity having the power of eminent domain (a “Taking”), of all or any portion of the Demised Premises, which is not due to any action or omission of Lessee and (i) involves a taking of any portion of any Facility or the utility facilities serving any Facility (unless such utility facilities are re-routed by the applicable authority) and such taking prevents or materially affects the operation of said Facility; (ii) materially and permanently reduces the number of operational beds by fifteen percent (15%) or more at any Facility; or (iii) materially and permanently affects ingress and egress to the Facility; then, in any of such events, Lessee may terminate this Lease as it relates to such affected Facility by giving notice to Lessors not more than thirty (30) days after the later of the date on which title vests in the condemning authority or the date when Lessee receives notice of such vesting. In the event that this Lease is not terminated as a result of any such Taking, Lessor shall promptly restore the Demised Premises to a condition reasonably equivalent to that existing prior to such Taking and shall apply the “Award” (as defined below) to the cost of such restoration. In such event, the Base Rent payable by Lessee under this Lease shall be equitably abated and appropriately rebated based on the effect of the Taking on the number of operational beds in the Facility and Lessee’s ability to run the business operations at the Facility. In the event of a Taking pursuant to the provisions of this Lease, Lessor and Lessee agree that Lessee shall have no claims or rights in any award arising from or related to or proceeds of such Taking (collectively the “Award”), except that Lessee may apply for and receive an award separately for the taking of any improvements paid for by Lessee, including utility improvements and Lessee’s trade fixtures, and for Lessee’s moving expenses. In the event that this Lease is terminated as to one or more, but not all, of the Facilities pursuant to this Section 11.6, Base Rent and any Additional Rent shall be abated in proportion to the number of operational beds located at the Facility or Facilities for which the Lease is terminated.

ARTICLE XII - ALTERATIONS AND DEMOLITION

12.1 Lessee will not remove or demolish the Demised Premises or any portion thereof or allow it to be removed or demolished, without the prior written consent of Lessor and Lender. Subject to the Loan Documents, as applicable, Lessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Demised Premises, the cost of which in any twelve (12) month period exceeds One Hundred Fifty Thousand Dollars (\$150,000) collectively, without first obtaining Lessor’s written consent thereto, which will not be unreasonably withheld or delayed and, if required by the Loan Documents, without receiving Lender’s written consent thereto. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work and shall become the property of Lessor and shall comply with all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances. Not less than thirty (30) days prior to the commencement of any such changes or alterations, the cost of which in any twelve (12) month period may exceed One Hundred Fifty Thousand Dollars (\$150,000) collectively, Lessee shall furnish to Lessor, at Lessee’s sole cost and

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expense, plans and specifications, prepared by a licensed architect, for such changes or alterations and any additional insurance reasonably required by Lessor or Lender. Such plans and drawings shall include detailed architectural, mechanical, electrical and plumbing working drawings. The plans and drawings will be subject to Lessor's approval with respect to design, aesthetics, building code compliance and such other matters as Lessor deems relevant, which approval shall not unreasonably be withheld or delayed. Notwithstanding the provisions of the preceding sentence to the contrary, (i) the review and approval by Lessor shall not be relied upon by Lessee that any such plans or drawings are in compliance with applicable laws or represent a sound design; and (ii) nothing herein shall be deemed or construed to require Lessee to obtain Lessor's consent to non-structural changes or alterations such as painting, the replacement of wall coverings or the replacement of floor coverings. . Notwithstanding anything to the contrary including, but not limited to anything contained hereinabove, Lessee shall not be required to engage any architect for any purpose unless required by applicable law or as may be required by Lender and/or the Loan Documents.

ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES

13.1 Throughout the Term of this Lease, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Demised Premises and the operation thereof as a skilled nursing, assisted living or independent living facility, as applicable, which may be applicable to the Demised Premises, the Personal Property and the improvements located therein and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, curbs adjoining the Demised Premises which are under Lessee's control, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

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

13.3 Prior to the Commencement Date, Lessee shall obtain, at its sole cost and expense, all necessary approvals, certifications and licenses from all appropriate governmental agencies necessary to permit Lessee to operate the Facility as a skilled nursing, assisted living or independent living facility, as applicable, including, without limitation, the receipt of the License to operate the Facility; provided however that with respect to the Licenses, Lessee need only receive indications satisfactory to Lender and Lessor that they will be issued after the Commencement Date, effective as of the Commencement Date. Lessee shall, subject to the terms of Article XX hereof, keep in good standing and in full force and effect all necessary licenses, permits and certifications required by any governmental authority for the purpose of maintaining and operating on the Demised Premises a skilled nursing, assisted living or independent living facility, as applicable, of not less than the number of skilled, assisted or independent living beds, as applicable, as identified on **Schedule 8.3**, and the Facility shall at all times, subject to the terms of Article XX hereof,

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shall continue to be qualified to and shall participate in the Medicare and Medicaid reimbursement programs.

13.4 Lessee will deliver to Lessor within five (5) calendar days following receipt thereof, any notice of a deficiency of the level of "IJ" or worse, any Civil Monetary Penalty ("**CMP**"), and/or any failed re-revisit with respect to a survey deficiency, at the Facility. Lessee shall also deliver to Lessor, within two (2) Business Days after receipt any notice from any governmental agency terminating or suspending, or threatening termination or suspension, of any license or certification relating to the Facility. Lessee will deliver to Lessor within five (5) calendar days copies of all other adverse notices from any licensing, certifying, regulatory, reimbursing or other agency which has jurisdiction over the Facility or over any license, permit or approval under which the Facility operates, any notice from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services ("**CMS**"), DPH, or any governmental, quasi-governmental or other agency terminating, disqualifying or suspending, or threatening termination, disqualification or suspension, of the Medicaid or Medicare provider agreements (the "**Provider Agreements**"), the License or any other license or certification relating to the operations of the Facility or participation in any governmental or non-governmental reimbursement or third party payor program, including the Medicare or Medicaid reimbursement programs, and if Lessee becomes aware that any such notice likely to cause a material adverse effect is to be forthcoming before receipt thereof, it shall promptly inform Lessor thereof. Lessee will deliver to Lessor within five (5) Business Days after receipt all other notices, exit interviews, inspection reports and surveys (including re-visit) and notices of administrative hearing or court pleadings from all state, federal and local governmental bodies regarding the Demised Premises or the nursing home operated thereon.

13.5 In the event Lessee shall fail two (2) revisits for any survey deficiency, then in addition to and without limitation of any of the rights of Lessor hereunder, Lessor shall be permitted to engage a consultant in Lessor's sole discretion, at Lessee's expense (provided such expense shall be equal to market rates charged by third party consultants for such services), to remedy the deficiencies and bring the Facility back into compliance on all matters as the consultant shall determine. Lessee shall promptly implement all initiatives, changes, and plans as directed by the consultant until such time as the Facility is in good standing with all Governmental Agencies as determined by Lessor, in Lessor's sole discretion.

ARTICLE XIV - DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof and the terms of the Loan Documents, as applicable Lessee will not create or permit to be created or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises or any part thereof or the income therefrom or the Personal Property, for work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee. Lessee shall have the right to purchase equipment,

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furniture, or furnishings (other than as a replacement for any personal property owned by Lessor and leased to Lessee hereunder) which may be subject to a security agreement, lease financing arrangement, or chattel mortgage provided that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and Lessee shall indemnify Lessor against all charges, costs and expenses that may be incurred by Lessor with respect to such security agreement or chattel mortgage.

14.2 If any mechanic's, laborer's or materialman's lien caused or charged to Lessee shall at any time be filed against any portion of the Demised Premises or Personal Property, if allowed by the terms of the Loan Documents and the Lender, as applicable Lessee shall have the right to contest such lien or charge, provided Lessee, within sixty (60) days after notice of the filing thereof, will cause the same to be discharged of record or in lieu thereof to secure Lessor against said lien by deposit with Lessor or Lender of such security (not to exceed one hundred twenty five percent (125%) of the amount thereof plus any interest, cost and penalty thereon) as may be reasonably demanded by Lessor or Lender to protect against such lien. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, or to otherwise secure Lessor as aforesaid, then in addition to any other right or remedy, Lessor may, upon ten (10) days prior notice, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by processing the discharge of such lien by deposit, title endorsement or by bonding proceedings. Any amount so paid by Lessor and all costs and expenses incurred by Lessor in connection therewith, shall constitute Additional Rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor within five (5) days after written demand from Lessor. Except as herein provided, nothing contained herein shall in any way empower Lessee to do or suffer any act which can, may or shall cloud or encumber Lessor's or Lender's interest in the Demised Premises.

14.3 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by counsel for Lessee in any contest referred to in Section 14.2 hereof, Lessor may, upon ten (10) days prior written notice to Lessee, obtain separate counsel to represent it in such contest. In such event, the cost of such counsel shall be paid by Lessee. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in Section 14.2 above, or that Lessee is not pursuing any such contest with due diligence, Lessor may, upon ten (10) days prior written notice to Lessee, discharge such lien by paying the amount claimed to be due from the security deposited by Lessee pursuant to the terms of said Section 14.2.

ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR

15.1 At any time, during reasonable business hours and upon at least forty-eight (48) hours prior written notice (except upon the occurrence and during the continuation of an Event of Default) to Lessee, Lessor or its authorized representatives shall have the right to enter and inspect the Demised Premises and Personal Property.

15.2 At any time, but not more than one (1) time per fiscal year (except upon the occurrence and during the continuance of an Event of Default), during reasonable business hours and upon prior notice to Lessee, Lessor or its authorized representatives shall have the

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right to inspect and/or audit, and, at Lessor expense, make copies of, the books and records relating to the Demised Premises, the Facility, Lessee any managing entity or any consulting entity, including, without limitation, to the extent permitted by applicable law, financial records, surveys and inspections reasonably required by Lessor, and, if required by Lender, all patient records and employment records.

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

ARTICLE XVI - COVENANTS OF LESSEE

16.1 Distributions. Following the occurrence and continuation of any Event of Default beyond applicable notice and cure periods, Lessee shall not (i) declare, pay or make any Distribution (other than dividends or distributions payable in its stock, or split-ups or reclassifications of its stock), (ii) apply any of its funds, property or assets to the acquisition, redemption or other retirement of any membership or equity interest, (iii) otherwise make any payments or Distributions to any stockholder, member, partner or other equity owner in such person's capacity as such, or (iv) make any payment in excess of documented, out-of-pocket costs and expenses, but in no event to exceed three percent (3%) of the gross monthly revenue of the Facility, for any management, consulting or service fee to any related or affiliated party; and any obligation of Lessee to make any of the foregoing payments shall be and hereby is made subordinate and junior in right of payment to the payment of all Rent, and other payment obligations of Lessee hereunder. "**Distribution**" shall mean any direct or indirect dividend, distribution or other payment of any kind or character (whether in cash, securities or other property) in respect of any equity interests or any repayment of indebtedness to any member of Lessee or any affiliate or relative thereof. Notwithstanding the foregoing, Lessee shall not make any Distributions that would limit Lessor's ability to distribute available cash under the Loan Documents, as applicable.

16.2 Other Obligations. Lessee shall not have any other liabilities, other than those which are necessary and related to its function as the operator of the Facility, including without limitation, Lessee's working capital line of credit, which may not be utilized for any facilities or other purposes other than for operation of the Facility, unless Lessor has received an intercreditor agreement acceptable to the Lessor in its reasonable discretion with a mechanism to remove the Facility from such working capital line of credit and cause the lender thereunder to release all liens with respect to the Facility in an event of default existing thereunder. In addition to and without limiting the foregoing, Lessee shall not assume the status of a guarantor, surety or other financial partner of any other business or activity, including without limitation any other business involving any of Lessee's officers, directors, members, managers, owners, representatives, agents, successors and assigns, and their respective successors, assigns, agents and representatives. Notwithstanding the foregoing, any Lessee may guarantee obligations and liabilities of any other Lessee which are necessary and related to its function as an operator of the applicable Facility.

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ARTICLE XVII - RENT ABSOLUTE

17.1 Except as herein provided, damage to or destruction of any portion of the buildings, structures and fixtures upon the Demised Premises, by fire, the elements or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the Demised Premises or entitle Lessee to any abatement of or reduction in the Rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding. In the event of a casualty or condemnation resulting in a loss of licensed beds for which Lessor or Lender receive insurance proceeds or a condemnation award and elect not to repair or restore the Demised Premises to replace such beds, Lessor shall proportionately decrease the Rent as a result of such licensed beds lost due to such casualty or condemnation.

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the Term of this Lease, Lessee shall not assign this Lease or in any manner whatsoever sublet, assign, encumber or transfer all or any part of the Demised Premises or in any manner whatsoever transfer, assign or encumber any interest in the Demised Premises (whether by management agreement, or otherwise) or any interest in this Lease (an “**Assignment**”) without the prior written consent of Lessor and Lender, which consent shall be given or denied in Lessor’s sole discretion. As a condition of granting its consent, Lessor may request, and Lessee shall provide to Lessor, resumés and financial statements for any proposed transferee. Lessee acknowledges and agrees that Lessor has specifically chosen Lessee to operate the Facility based upon the skill and expertise of Lessee and its principals in operating nursing homes and upon the character and reputation of such principals. Prior to any transfer of possession of the Demised Premises to such transferee, any proposed transferee shall assume all the obligations of Lessee transferred hereunder. Any violation or breach or attempted violation or breach of the provisions of this Article by Lessee, or any acts inconsistent herewith shall vest no right, title or interest herein or hereunder or in the Demised Premises in any such transferee or assignee; and Lessor may, at its exclusive option, invoke the provisions of this Lease relating to default. As a condition of granting its consent to any sublease or assignment: (x) Lessee shall pay, and Lessee hereby agrees to pay, any reasonable out of pocket third party costs and expenses of Lessor incurred in connection with such sublease or assignment, including, without limitation, all due diligence costs and reasonable attorneys’ fees; and (y) Lessee shall deliver to Lessor a certified listing of the names and addresses of all members, shareholders, partners or co-venturers of the new assignee.

18.2 For purposes of this Article:

(a) Any transfer or transfers of the membership interests in Lessee however accomplished, whether in a single transaction or in a series of related or unrelated transactions, which result in the following with respect to the initial ownership in Lessee set forth on **Schedule 18.2** hereto: i) a change of control and/or decision-making authority, or ii) change in ownership, directly or indirectly, in more than fifty percent (50%) in the aggregate of such membership interests in Lessee shall be deemed an assignment of this Lease.

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

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

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

18.3 Notwithstanding anything contained herein to the contrary, Lessor written consent, which consent shall be in Lessor's sole discretion, shall be required for Lessee to enter into any subleases with respect to the Facility. Without limiting the foregoing, any permitted subleases shall be fully subordinated to the terms of this Lease, and Lessee shall be fully responsible for ensuring compliance with any sublessee thereunder with the terms and conditions of this Lease that relate to Lessee, and any action or occurrence with respect to a sublessee thereunder which if occurring to Lessee would constitute an Event of Default hereunder, shall be deemed an Event of Default hereunder.

ARTICLE XIX - EVENTS OF DEFAULT

19.1 The occurrence of any of the following acts or events, after the applicable notice and cure periods, if any, shall be deemed to be a default ("**Events of Default**") on the part of the Lessee:

(a) The failure of Lessee to pay when due any Rent payment, or any part thereof, or any other sum or sums of money due or payable to Lessor under the provisions of this Lease, when such failure shall continue for a period of four (4) days;

(b) The failure of Lessee to comply with, or the violation with respect to matters relating to Lessee of, any of the terms, conditions or provisions of the Loan Documents (excluding those terms, conditions or provisions of the Loan Documents (excluding those terms, conditions or provisions requiring the making of principal or interest payments which relate specifically to Lessor), if such failure or violation shall not be cured within the cure period set forth in the Loan Documents;

(c) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions or provisions of this Lease (that are not otherwise specifically listed in this Section 19.1), if such failure or violation shall not be cured within thirty (30) days following written notice from Lessor to Lessee regarding such matters (or such longer period as is reasonably necessary to remedy such default, but in no event longer than sixty (60) days, provided that Lessee shall commence to cure within such thirty (30) days and diligently pursue such remedy until such default is cured);

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(d) For any reason other than during capital improvements, and only for such time as the capital improvement activity necessitates such removal, in the event Lessee removes any physical beds or a substantial portion of the Personal Property, or Lessee removes Personal Property necessary to the operation of the Facility, the failure of Lessee to replace within thirty (30) days the Personal Property so removed by Lessee and subject to the provisions of Section 20.1 hereof;

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

(f) Without the prior written consent of Lessor, in any given calendar year during the Term, the voluntary transfer by Lessee of residents numbering more than three percent (3%) of the number of licensed beds from any Facility to any other nursing home facility owned or leased or under common control with Lessee or their affiliates, except between each Facility under this Lease, where such transfer is not for reasons relating to the health and well being of the patients transferred or is otherwise required by law; additionally, this Section 19.1(f) shall not apply to the removal of residents as a result of acts of God, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by employees, pandemic or any similar or dissimilar cause beyond the reasonable control of Lessee;

(g) The designation of any Facility as a "Special Focus Facility" by CMS and such designation is not removed within eighteen (18) months; provided, however, if such Facility is designated as "Improved" by CMS, such eighteen (18) month period shall be extended by six (6) months but in no event longer than twenty-four (24) months in the aggregate;

(h) Any suspension, termination or restriction placed upon Lessee or the Facility, or the ability to admit residents or patients (e.g., an admissions ban or non-payment for new admissions by Medicare or Medicaid), and such suspension, termination or restriction continues for more than forty-five (45) calendar days after imposition thereof;

(i) A survey deficiency of the level of "IJ" or worse at any Facility, where the underlying deficiency is not abated within five (5) days;

(j) Failure with respect to two (2) revisits for any survey deficiency at the Facility;

(k) The occurrence and continuation of a default which remains uncured beyond any applicable notice and cure period provided under a line of credit or similar loan maintained by Lessee;

(l) The failure of any of the Lessee to pay any and all fees or bed taxes assessed against any Facility prior to delinquency or in accordance with any payment plan with DPH or other applicable authority (subject to Lessor's agreement with such payment plan, in accordance with the terms of this Lease);

(m) Lessee are obligated to pay any fine or penalty, either in one instance or in the aggregate over any twelve (12) month period, of One Hundred Thousand Dollars (\$100,000)

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or greater, if such fine(s) or penalty(ies) are not paid before the same are due and Lessee is not contesting the same in good faith; or

- (n) The occurrence of a default under the CapEx Note.

19.2 Any violation of Sections 19.1(g) through 19.1(j) during the first year of the Lease that relates to or was caused by the actions of the prior operator shall not be an Event of Default against Lessee, provided that Lessee uses commercially reasonable efforts to cure any such violation in a timely manner.

ARTICLE XX - LESSEE'S RIGHT TO CONTEST

20.1 Anything to the contrary stated herein notwithstanding, Lessee shall have The right upon prompt written notice thereof to Lessor (but in all cases such written notice shall be within five (5) days of Lessee's knowledge of such non-compliance), to contest by appropriate administrative or legal proceedings, diligently conducted in good faith, the application of any law, ordinance, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings; and Lessor shall not pursue any remedies during such contest; provided, that during said contest: (a) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises; (b) there continues during the course of such contest authority to continue operations of the Demised Premises as a nursing home (which may be temporary or provisional); (c) Lessor reasonably determine that such situation does not create any risk related to the regulatory status of the Facility, or jeopardize operations, certifications or value of the Demised Premises; and (d) such situation does not cause Lessor or Lessee to be in default under any of the Loan Documents, regardless of whether Lender waive such default.

ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT

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

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and entry of Lessor upon the Demised Premises, shall, in any event, be the right to receive Rent due up to the time of such entry) or any other right given to Lessor hereunder or by operation of law.

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

21.3 In the event Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and Lessor elects to terminate Lessee's right to possession only, without terminating this Lease Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing Section 21.1 of this Article provided, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the Rent hereunder for the full remaining term of this Lease, and in any such case, Lessees shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder and required to be paid by Lessee up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Lessor may attempt to relet the Demised Premises or any part thereof for the account of Lessee for such rent, or may operate the Facility for such time and upon such terms as Lessor in its sole discretion shall determine. In the event Lessor elects to take possession and operate the Demised Premises any profits due to such operation shall reduce the rents payable hereunder. In any such case, Lessor may make repairs, alterations and additions in or to the Demised Premises, to the extent reasonably deemed by Lessor desirable, and Lessees shall, upon demand, pay the cost thereof, together with Lessors' expenses of reletting.

21.4 In the event that Lessor shall relet or release the Demised Premises after termination of this Lease under this Article XXI, then any such collected rent for any period shall be used to abate against and offset against Rent, Additional Rent and/or any and all amounts otherwise due and owing by Lessee hereunder for the same such period.

21.5 Lessee acknowledges that one of the rights and remedies available to Lessor under applicable law is to apply to a court of competent jurisdiction for the appointment of a receiver to take possession of the Demised Premises, to collect the rents, issues, profits and

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income of the Demised Premises and to manage the operation of the Premises. Upon the occurrence of an Event of Default hereunder, in addition to any other right or remedy of Lessor under this Lease or allowed by law, Lessor may petition any appropriate court for the appointment of a receiver to take possession of the Demised Premises, to manage the operation of the Premises, to collect and disburse all rents, issues, profits and income generated thereby and to preserve or replace to the extent possible any operating license for the Demised Premises or to otherwise substitute the licensee or provider thereof. The receiver shall be entitled to a reasonable fee for its services as a receiver. All such fees and other expenses of the receivership estate shall be added to the monthly rent due to Lessor under this Lease and shall be the obligation of Lessee. Lessee hereby irrevocably stipulates to the appointment of a receiver under such circumstances and for such purposes and agree not to contest such appointment; provided, however, the foregoing stipulation shall not be deemed a waiver of Lessee's right to contest whether such circumstances exist. For avoidance of doubt, any appointment of a receiver pursuant to this Section 10.3 shall be subject to any required approval of the applicable governmental authorities, including without limitation completion of any application required in connection therewith.

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

21.7 Concurrently herewith, the members of Lessee shall execute and deliver an executed resolution providing Daniel Garden with authority with respect to certain matters set forth therein, in the form of Exhibit C attached hereto (the "Resolution"), to be held in escrow by Lessor, which may be exercised upon any Event of Default by Lessee hereunder, provided that Lessor shall have no right to exercise their rights and authority under this Section 21.7 or the Resolution if Lessee is in good faith contesting the existence of an Event of Default hereunder. Notwithstanding the foregoing, prior to Lessor's exercise of the Resolution, Lessee may exercise the Option Agreement by providing written notice to Lessor within 10 days of receipt of written notice of Lessee's default. On or prior to closing under the Option Agreement, any and all monetary defaults of Lessee owed to Lessor will be paid in full. In the event that Lessees do not exercise their Option Agreement within 10 days of the receipt of written notice of Lessee's default, Lessor may exercise their rights under the Resolution.

21.8 Notwithstanding the foregoing, upon Lessee's receipt of written notice (a "Lessor Notice") from Lessor prior to the first (1st) anniversary of the commencement of the Lease providing that Lessor intends to terminate the Lease as a result of the occurrence of Event(s) of Default as stated thereunder, then provided that no Event of Default set forth in such notice relates to failure to make any payments required under the Lease or any other matters caused intentionally by Lessee (and if any such Event of Default does relate to failure to make any payments required under the Lease or any other matters caused intentionally by Lessee, the provisions of this Section 21.9 shall not apply), Lessee may provide an Initial Notice (as such term is defined in the Purchase Option) (an "Early Notice") in writing to Lessor and Lender within five (5) Business Days of receipt of the Lessor Notice. All terms

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hereof with respect to an Initial Notice shall apply to the Early Notice, provided that: i) the Early Notice shall only be valid if accompanied by a non-refundable payment to Lessor (which shall be credited against the Purchase Price (as such term is defined in the Purchase Option), upon Closing (as such term is defined in the Purchase Option)) in the amount of Two Hundred and Fifty Thousand Dollars (\$250,000), ii) the Closing Date specified by the Early Notice must be within sixty (60) days thereof, and iii) the Purchase Price with respect to Closing pursuant to the Early Notice shall be the Purchase Price increased by an amount equal to two and one-half percent (2.5%) of the Purchase Price for every period of one (1) year (prorated for partial years) between the date of delivery of the Early Notice and the Exercise Date. In the event an Early Notice is not timely provided hereunder following the giving of a Lessor Notice, the terms of this Section 21.8 shall become void and of no force and effect. For avoidance of doubt, failure to close following an Early Notice shall be treated in the same manner as failure to close following an Initial Notice.

ARTICLE XXII - LIABILITY OF LESSOR

It is expressly agreed by the parties that in no case shall Lessor, any partners, officers, directors, manager, members, agents or employees of Lessor be liable under any express or implied covenant, agreement or provisions of this Lease for any damages whatsoever to Lessee beyond Lessor's interest in the Demised Premises and rents, profits and Proceeds derived therefrom, accruing after or upon any act or breach hereunder on the part of Lessor and for which damages may be sought to be recovered against Lessor. Anything to the contrary notwithstanding, under no circumstances shall any personal liability attach to or be imposed upon any partners, officers, directors, managers, members, agents or employees of Lessor.

ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR

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

ARTICLE XXIV - SECURITY FOR RENT

24.1 Lessor shall have a first lien paramount to all others on every right and interest of Lessee in and to this Lease, and on any of Lessee's accounts receivable, furnishings, equipment, or fixtures, general intangibles, inventory, goods or property of any kind belonging to Lessee and located at or used in connection with the Facility ("**Lessor's Lien**"). Notwithstanding the foregoing, Lessor's Lien (other than on the License, Provider Agreements and furniture, fixtures and equipment) shall be subject and subordinate to any lien thereon granted by Lessee from time to time to any institutional lender for working capital to be utilized solely for operation of the Facility and/or a master working capital line of credit

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covering other facilities in addition to the Facility, and to all renewals, modifications, extensions and replacements thereof if such lender enters into an intercreditor agreement satisfactory to Lessor. Lessor agrees to prepare and file, or consent to the filing of, within five (5) Business Days following Lessee's request therefor, such financing statements or other instruments as may be reasonably requested by Lessee to evidence or effect subordination of Lessor's Lien to the lien of the institutional lender described above. Any financing statement evidencing or perfecting Lessor's Lien shall expressly provide for such subordination with respect to Lessee's accounts receivable, or personal property of any kind. The Intercreditor Agreement to Lessee's institutional lender shall be on such lender's form of subordination agreement as reasonably agreed to by Lessor or such other agreed form provided that the intercreditor agreement is acceptable to Lessor in its reasonable discretion. Such lien is granted for the purpose of securing the payments of Rent, charges, penalties, and damages herein covenanted to be paid by Lessee, and for the purpose of securing the performance of all of Lessee's obligations under this Lease. Such lien shall be in addition to all rights to Lessor given and provided by law. This Lease shall constitute a security agreement under the Uniform Commercial Code granting Lessor a security interest in such furnishings, equipment, fixtures, general intangibles, inventory, goods or property of any kind and accounts receivable, and upon the request by Lessor, Lessee shall prepare and file, or consent to the filing of, such financing statements and other documents reasonably required to perfect such security interest, which documents shall be filed or recorded at the expense of Lessee.

24.2 In addition to the foregoing, the obligations of Lessee under this Lease shall be secured by the guarantees of Steven Schwartz, limited to an amount equal to the Rent and all other amounts due under the Lease for the period of twelve (12) months following such time as the Guaranty of Lease is exercised, plus any other guaranteed obligations pursuant to the Guaranty Agreement (the "**Guaranty of Lease**"), in the form attached as **Exhibit E** hereto.

24.3 Lessee has deposited an amount of One Million Fifty Thousand and No/100 Dollars (\$1,050,000.00) with Lessor as security for the full and faithful performance by Lessee of each and every term, provision, covenant and condition of this Lease (the "**Security Deposit**"). The Security Deposit shall not be considered an advance payment of Rent (or of any other sum payable to Lessor under this Lease) or a measure of Lessor's damages in a case of a default by Lessee. Lessor shall have no obligation to maintain the Security Deposit separate and apart from Lessor's general and/or other funds and may freely utilize the Security Deposit subject to obligations hereunder to return the Security Deposit to Lessee. Without limitation of the foregoing, in the event required by a Lender, Lessor may deposit the Security Deposit with Lender, and/or pledge its rights in the Security Deposit to such Lender. Upon any Event of Default hereunder, Lessor may elect to apply all or any part of the Security Deposit to the payment of any sum in default, any other sum that Lessor may expend or be required to expend by reason of Lessee's default or any other amounts due by Lessee hereunder. Upon the expiration or earlier termination of this Lease, following Lessor's determination of any amounts due and owing to Lessor and application of the Security Deposit to such outstanding amounts, any remaining portion of the Security Deposit shall be paid by Lessor to Lessee or, in the event Lessee have exercised their option to purchase the Facility under that certain Purchase Option Agreement (the "**Option Agreement**") by and among

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Lessor and Lessee dated as of even date therewith, such remaining portion of the Security Deposit shall be retained by Lessor and Lessee shall receive a credit against the Purchase Price (as defined therein).

ARTICLE XXV - INDEMNIFICATION

25.1 Lessee agrees to protect, indemnify and save harmless Lessor and any future tenants of Lessor with respect to any Facility from and against any claims, demands, losses, and causes of action of any nature whatsoever asserted against or incurred by Lessor on account of: (a) any failure on the part of the herein named Lessee during the Term of this Lease to perform or comply with any of the terms of this Lease; (b) injury to or death of persons or loss of or damage to property, occurring on the Demised Premises or any adjoining sidewalks, streets or ways or in any manner growing out of or connected with the use or occupation of the Demised Premises or the condition thereof, or the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets or ways occurring after the Commencement Date and during the period that the herein named Lessee are the operators of the Facility; (c) any claims, penalties, recoveries, interest, monetary sanctions, fees, or other liabilities imposed by a governmental agency, or other third party payor related to the operations of or payments made to the Facility while the herein named Lessee was providing skilled nursing, assisted living or independent living services, as applicable; (d) any fees and/or bed taxes relating to the Facility during the period that Lessee is the operator of the Facility; (e) any and all claims arising from or relating to the Facility for any period on or after the Commencement Date and during the period that Lessee is the operator of the Facility; or (f) additional costs incurred by Lessor to monitor the Facility after the occurrence of any of the events set forth in Section 19.1 during which period the herein named Lessee are the operators of the Facility. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Lessor of any such claims, demands or causes of action. Notwithstanding the foregoing, Lessee shall not be responsible for the gross negligence and willful misconduct of Lessor.

25.2 Lessor agrees to indemnify, defend and save harmless Lessee from and against any liabilities, losses, claims, demands and causes of action whatsoever asserted against or incurred by Lessee on account of: (a) any failure on the part of Lessor during the Term of this Lease to perform or comply with any of the terms of this Lease; (b) the gross negligence or willful misconduct of Lessor, or (c) any failure on the part of Lessor to perform or comply with the terms of the Loan Documents (unless such failure is caused in whole or in part by acts or omissions by Lessee). Lessor further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Lessee of any such claims, demands or causes of action. There is expressly excluded from Lessor's indemnity hereunder any claim or proceeding by Lessee (i) which is based upon the physical condition of the Demised Premises or Personal Property prior to or on the Commencement Date, or (ii) for any form of relief not satisfied by the payment of money.

25.3 In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, section or paragraph of this Lease ("**Indemnitee's Claim**") is made against or received by any indemnified party (hereinafter

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“**Indemnitee**”) hereunder, said Indemnitee shall notify the indemnifying party (hereinafter “**Indemnitor**”) in writing within thirty (30) calendar days of Indemnitee’s receipt of written notice of said Indemnitee’s Claim, provided, however, that Indemnitee’s failure to timely notify Indemnitor of Indemnitee’s receipt of an Indemnitee’s Claim shall not impair, void, vitiate or invalidate Indemnitor’s indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect so long as Indemnitee’s delay in notifying Indemnitor does not, solely by itself, directly and materially prejudice Indemnitor’s right or ability to defend the Indemnified Claim. Upon its receipt of any or all Indemnitee’s Claim(s), Indemnitor shall, in its sole, absolute and unreviewable discretion, diligently and vigorously defend, compromise or settle said Indemnitee’s Claim at Indemnitor’s sole and exclusive cost and expense to the extent funds are available (“**Available Funds**”) to fully indemnify such claims, and shall promptly provide Indemnitee evidence thereof within fourteen (14) calendar days of the final, unappealable resolution of said Indemnitee’s Claim. Upon the receipt of the written request of Indemnitee, Indemnitor shall within ten (10) Business Days provide Indemnitee a true, correct, accurate and complete written status report regarding the then current status of said Indemnitee’s Claim. Prior to an Indemnification Default (as defined herein), Indemnitee may not settle or compromise an Indemnitee’s Claim without Indemnitor’s prior written consent, not to be unreasonably withheld, conditioned or delayed. No consent shall be necessary in the event of a complete release of Indemnitee without any cost, expense or liability of Indemnitor. Failure to obtain such consent shall be deemed a forfeiture by Indemnitee of its indemnification rights hereunder. In the event that Indemnitor fails or refuses to indemnify, save, defend, protect or hold Indemnitee harmless from and against an Indemnitee’s Claim and/or to diligently pursue the same to its conclusion, or in the event that Indemnitor fails to timely report to Indemnitee the status of its efforts to reach a final resolution of an Indemnitee’s Claim, which failure to report causes Indemnitee material harm, or in the event that Indemnitor does not have the Available Funds, on seven (7) calendar days prior written notice to Indemnitor during which time Indemnitor may cure any alleged default hereunder, the foregoing shall immediately, automatically and without further notice be an event of default hereunder (an “**Indemnification Default**”) and thereafter Indemnitee may, but shall not be obligated to, immediately and without notice to Indemnitor, except such notice as may be required by law and/or rule of Court, intervene in and defend, settle and/or compromise said Indemnitee’s Claim at Indemnitor’s sole and exclusive cost and expense, including but not limited to attorneys’ fees, and, thereafter, within seven (7) calendar days of written demand for the same Indemnitor shall promptly reimburse Indemnitee all said Indemnitee’s Claims and the reasonable costs, expenses and attorneys’ fees incurred by Indemnitee to defend, settle or compromise said Indemnitee’s Claims plus interest thereon from the date incurred until paid in full at a rate equal to the prime rate of interest as most recently published by the Wall Street Journal plus three percent (3%) (the “**Default Rate**”).

ARTICLE XXVI - SUBORDINATION PROVISIONS

26.1 Notwithstanding any provision of this Lease to the contrary, this Lease (and Lessee’s interest in the Demised Premises and Personal Property) shall be automatically subject and subordinate to the Loan Documents. Lessee shall execute and deliver such documents as may be reasonably required in order to evidence such subordination.

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26.2 Notwithstanding anything to the contrary contained herein, it is understood, agreed and acknowledged that Lessor shall have the right to finance, refinance and guaranty such financing or refinancing, from time to time, the Demised Premises and Personal Property, and grant a mortgage, deed of trust or security interest thereon, to assign or pledge any or all of its interest in this Lease and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party, provided that Lessee receives a subordination, non-disturbance, and attornment agreement, in a commercially reasonable form satisfactory to such third party.

ARTICLE XXVII - LESSEE'S FAITHFUL COMPLIANCE WITH LOAN DOCUMENTS AND HUD REQUIREMENTS

27.1 Anything in this Lease contained to the contrary notwithstanding, but subject to the terms of any subordination, non-disturbance and attornment agreement which may be in effect, Lessee shall at all times and in all respects fully, timely and faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of Lessor under the Loan Documents, including, without limitation, any Lender notice requirements under the Loan Documents, such conditions, covenants and provisions thereof as related to the financial covenants and financial reporting, related to operations, related to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in material excess of that required by the provisions of this Lease, or may require material performance not required by the provisions of this Lease. If any Loan Documents entered into following the Commencement Date requires compliance, observance or performance to a standard or degree in excess of that required by the terms of any existing Loan Documents and this Lease, Lessee shall comply with such standard, degree or additional performance so long as such standard, degrees or additional performance is (i) consistent with the provisions of this Lease and the existing Loan Documents, (ii) if in excess of the provisions of this Lease and the existing Loan Documents, commercially reasonable or (iii) to the extent in excess of the provisions of this Lease and the existing Loan Documents, and to the extent not commercially reasonable, at Lessor's expense. Lessee further agrees that it shall not do or permit to be done anything which would constitute a breach of or default under any obligation of Lessor under the Loan Documents, as applicable it being the intention hereof that Lessee shall so comply with and observe each and all of such covenants, conditions and provisions of the Loan Documents, as applicable, affecting the Demised Premises so that they will at all times be in good standing and there will not be any default on the part of Lessor thereunder. Notwithstanding the foregoing, nothing in this Article shall be construed to obligate Lessee to pay any part of the principal or interest secured by the Loan Documents, or to deposit any reserves (other than tax, replacement, repair or insurance reserves required under the Loan Documents, and other than any other reserve expressly provided elsewhere in this Lease). Other than as specifically provided herein, Lessee specifically acknowledges and agrees that it may not sublet or assign all or any portion of the Demised Premises or its interests under this Lease without Lessor first obtaining the written consent of Lender, as applicable.

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27.2 Notwithstanding anything to the contrary contained herein, but subject to the terms and conditions of the Loan Documents, at no cost to Lessor, Lessee further agrees to fully cooperate with any refinance of the Loan by Lessor including without limitation allowing and granting to a lender providing a loan insured by the United States Department of Housing and Urban Development (an “FHA Mortgagee”) of a subordinate security interest in Lessee’s accounts and other assets, executing loan and bank documents in connection with the same, including an Intercreditor Agreement, and to setup and maintain lockboxes to effectuate the same, provided that such security interest shall be subordinate to the lien of any working capital line secured by Lessee. Lessee shall also, at its expense, comply with all other requirements relating to Lessor obtaining a loan, including without limitation by an FHA Mortgagee, with respect to the Facility; provided, however that such cooperation and compliance with a refinance with a lender other than an FHA Mortgagee shall be (i) consistent with the provisions of this Lease and the existing Loan Documents, (ii) if in excess of the provisions of this Lease and the existing Loan Documents, commercially reasonable or (iii) to the extent in excess of the provisions of this Lease and the existing Loan Documents, and to the extent not commercially reasonable, at Lessor’s expense.

ARTICLE XXVIII - LOAN DOCUMENT RESERVES

28.1 Any tax, insurance, replacement or other reserve required under the Loan Documents by the Lender against the Demised Premises during the Term of this Lease (except for any payments resulting from Lessor’s failure to comply with the terms of the Loan Documents) shall be paid by the Lessee to Lessor and shall be repaid to Lessee when Lender repays such sums to Lessor.

28.2 If Lessee or its affiliate purchases the Facility, then all unused amounts deposited by Lessee into reserves for taxes, insurance, replacement reserves or any other purpose as required by Lender, other than amounts deposited by Lessor or Lender, shall be delivered to Lessee at the closing of the purchase of the Facility upon receipt, and to the extent received, from Lender.

ARTICLE XXIX - LESSEE’S ATTORNMENT

29.1 Lessee covenants and agrees that, if by reason of a default upon the part of Lessor herein in the performance of any of the terms and conditions of the Loan Documents and the Lender forecloses on the estate of Lessor in the Demised Premises, if this Lease is not terminated and if required by Lender, Lessee will attorn to the then holder of such mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize such holder of the mortgage or such purchaser as Lessor under this Lease, provided such Lender recognizes the Lease hereunder. Lessee covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Lessor, or of the holder of such mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. In the event any such proceedings are brought against Lessor under such mortgage or the holder of any such mortgage, then Lessee further waives the provisions of any statute or rule or law now or hereafter in effect which may terminate this Lease or give or purport to give Lessee any right of election to terminate this

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Lease or to surrender possession of the Demised Premises and agrees that, pending any final order, this Lease shall not be affected in any way whatsoever by any such proceedings,

ARTICLE XXX - REPRESENTATIONS

30.1 Lessor represents, warrants and covenants to Lessee as follows:

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

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

(c) Intentionally omitted.

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

(e) Unless otherwise indicated in a specific representation or warranty contained herein, each representation and warranty of Lessor hereunder shall be true, complete and correct in all material respects as of the date hereof and as of the Commencement Date with the same force and effect as though such representation or warranty made on such date, and all representations and warranties shall survive the Commencement Date.

(f) The exhibits and schedules furnished by Lessor in connection with this Lease do not contain any untrue statement of a material fact nor do they omit to state any material fact necessary to make the statements contained herein and therein not materially misleading.

30.2 Lessee represents and covenants to Lessor as follows:

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

(b) Lessee acknowledges that it has inspected the Demised Premises and the Personal Property and, subject to the representations and warranties of Lessor provided above and

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further subject to the other terms and conditions of this Lease, agrees to lease the same in their present "AS IS-WHERE IS" condition. Lessee further acknowledges, except as set forth explicitly in this Lease, Lessor makes no representations, express or implied, as to the physical condition of the Demised Premises and the Personal Property or any other matter or thing affecting or related to the Demised Premises or the Personal Property.

(c) In addition to all other covenants contained herein, Lessee expressly covenants that it shall keep and maintain at the Facility at all times in good order and repair all items of Personal Property necessary for operating the Facility in full compliance with all material laws, rules and regulations of CMS, DPH and any other applicable governmental authorities. Lessee shall maintain all such items in good order and repair, subject to reasonable wear and tear, and shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items equivalent to that which has been replaced and such replacement items shall become and be deemed the personal property of Lessor.

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

(e) Unless otherwise indicated in a specific representation or warranty contained herein, each representation and warranty of Lessee hereunder shall be true, complete and correct in all material respects as of the Commencement Date with the same force and effect as though such representation or warranty was made on such date, and all representations and warranties shall survive the Commencement Date.

ARTICLE XXXI - NON-SOLICITATION AND NON-COMPETE

31.1 Subject to resident choice and applicable regulatory requirements, but in any event not to exceed 5% in any calendar year, neither Lessee, nor any affiliate of Lessee (the "**Restricted Parties**") shall solicit the Facility (for transfer of residents) or any residents thereof, during the Term of the Lease or for a period of six (6) months following the Closing Date where such transfer is not required by law, or to maintain the health and well-being of the residents in question or for the protection of person or property as permitted under the applicable law then in effect. Lessee acknowledges that if there is a violation of any provision of this Section 31.1, then Lessee shall pay to Lessor an amount equal to Fifty Thousand Dollars (\$50,000.00), as liquidated damages, for each such resident. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Fifty Thousand Dollars (\$50,000.00) is a fair and reasonable approximation of such actual damages. This provision shall not in any way limit such other remedies as may be available to Lessor at law or in equity. Lessee further acknowledges that the scope and duration of the provisions of this Section 31.1 are reasonable.

31.2 Intentionally Omitted.

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31.3 During the Term of the Lease or for a period of two (2) years after the Closing Date, the Restricted Parties will not : (i) develop a skilled and/or intermediate nursing facility (a “**Competing Facility**”) within a five (5) mile radius of the Facility (the “**Restricted Area**”); or (ii) otherwise develop, with an entity or business which owns or develops a Competing Facility within a five (5) mile radius of the Facility (collectively, the “**Non-Compete**”). Lessee acknowledges that a violation of any provision of this Section 31.3 will result in substantial and irreparable damage to the Lessor for which the Lessor will not have an adequate remedy at law and for which money damages would not be a sufficient remedy, and Lessee agrees that, in addition to all other remedies, in the event of any violation or alleged or threatened violation of any of the provisions of this Section 31.3, Lessor shall be entitled to equitable relief, including temporary or permanent injunctive relief and specific performance. This provision shall not in any way limit such other remedies as may be available to Lessor at law or in equity. Notwithstanding the foregoing, in the event that a Restricted Party would like to perform services in a manner restricted by this Section 31.3, (an “**Opportunity**”), the parties agree and acknowledge that such Restricted Party shall provide Lessors’ written notice of the Opportunity (including all material terms of the Opportunity), Lessor (or their designee) shall have thirty (30) days after receipt of such notice to agree to participate in the Opportunity as lessors on terms substantially similar to the transaction for the Facility. Lessor shall notify Lessee in writing of Lessor’s (or their designee’s) acceptance of the Opportunity (the “**Acceptance Notice**”), in which case Lessee shall cooperate Lessor to pursue the Opportunity on such terms. If no Acceptance Notice has been received from Lessor’s within such thirty (30) day period, Lessee may consummate the Opportunity on the terms and conditions set forth in the Opportunity (the “**Transaction**”); provided, however that Lessees shall increase the Security Deposit by an amount equal to the Base Rent for the next six (6) months following such consummation of the Transaction. If the Transaction is not consummated on the terms set forth in the Opportunity or during the one hundred twenty (120) day period following the initial notice by Lessee to Lessor of the Opportunity, Lessee shall not be permitted to consummate the Transaction without again complying with this Section 31.3. Notwithstanding anything to the contrary, a Competing Facility shall not include any facility that the Restricted Parties own and/or operate as of the date of this Lease.

31.4

31.5 Lessee further acknowledges that the scope and duration of the provisions of this Article 31 are reasonable.

ARTICLE XXXII - INTENTIONALLY OMITTED.

ARTICLE XXXIII - FINANCIAL STATEMENTS AND REPORTING

33.1 Lessee shall furnish to Lessor full and complete financial statements (or as otherwise required by Lender) of the operations of the Demised Premises and the Facility for each such fiscal period identified herein, in a form satisfactory to Lessor, which shall be certified by the manager of Lessee that such Financial Statements present fairly the financial condition of Lessee and which shall contain a statement of capital changes, balance sheet, detailed income and expense statement, statement of cash flows and statement of payor mix, receivables and payables aging (with detail regarding payor and vendor type, respectively),

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monthly census for the Facility specifying payor type, payroll expenses for the Facility, full trial balance including chart of accounts, and identify any payments made by Lessee to any managing entity or consulting entity in accordance with GAAP (collectively, the “**Financial Statements**”). Financial Statements shall be provided as follows: (a) within thirty-five (35) days after the end of each month, showing the results of operations of the Facility for such month; (b) within forty-five (45) days after the end of each of its fiscal quarters, showing the results of operations of the Facility for the fiscal quarter dated as of the end of each fiscal quarter; and (c) within one hundred twenty (120) days after the end of each of its fiscal years, annual audited consolidated and consolidating financial statements showing the results of operations of the Facility for the annual fiscal period dated as of the end of the fiscal year. Notwithstanding the foregoing, if Lender does not require annual audited financial statements, Lessee may provide reviewed annual consolidated and consolidating financial statements. Lessee shall also furnish to Lessor a copy of its cost reports within ten (10) days after filing thereof. Each such statement shall be certified as being true and correct by an officer of Lessee, and shall contain a compliance certificate with respect to any such applicable periods, for financial covenants pursuant to Section 27.1 hereof. If required by terms of the Loan Documents, the Financial Statements shall be prepared by a certified public accountant.

33.2 Within thirty (30) days after the end of each month, Lessee shall furnish to Lessor a daily breakdown of its census and copies of all Financial Statements for the operation of the Facility on the Demised Premises for the preceding month.

33.3 Within thirty (30) days after the date for filing Lessee’s tax return (as the same may be extended), Lessee shall furnish Lessor with a copy of the tax return for the Facility for said year, certified by an officer of Lessee to be true, correct and complete.

33.4 Not less than thirty (30) days prior to any fiscal year, a full year budget for the upcoming fiscal year shall be provided by Lessee to Lessor. Lessee shall also provide to Lessor within forty-five (45) days following each fiscal quarter a list of any capital expenditures incurred during such quarter, and not less than thirty (30) days prior to any fiscal quarter a capital expense plan with respect to such quarter.

33.5 In addition to the above financial statements, Lessee shall also provide to Lessor and Lender such other financial statement(s) or information relating to its operation as may be required by Lender. Any such financial statement(s) or other information required by the Loan Documents shall be furnished to Lessor not later than three (3) days prior to the due date for Lessor to furnish the same to Lender.

33.6 Upon request by Lessor or Lender, as applicable, Lessee shall prepare or cause to be prepared all financial covenant compliance certificates and worksheets as may be required by such Lender and shall furnish the same to Lessor not later than three (3) days prior to the due date for Lessor to furnish the same to Lender. Lessee shall also submit to Lessor any borrowing base certificate prepared by Lessee with respect to a line of credit similar loan maintained by Lessee.

33.7 At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises and records and books

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of account of the entire business operations of Lessee in accordance with generally accepted accounting principles. Upon request by Lessor, from time to time, Lessee shall make available, for inspection by Lessor or its designee, during reasonable business hours, at the Facility or Lessee's offices, the records and books of account covering the entire business operations of Lessee on the Demised Premises.

33.8 If requested by Lessor, all materials required to be provided pursuant to this Article 33 shall be provided in EXCEL format.

ARTICLE XXXIV - LICENSURE/TERMINATION

34.1 Prior to the anticipated Commencement Date, within such time period as required by DPH to operate the Facility as of the Commencement Date, Lessee hereby agrees to submit a complete application (except for the Deed and the Commencement Date Rider, if required) to DPH in order to obtain the License permitting Lessee to operate the Facility as a skilled nursing, assisted living or independent living facility (if applicable), as applicable, and to promptly submit any further documents as required in order to complete such application. It is a condition to Lessee's right to continued possession of the Facility that it obtains a License to operate the Facility in its own name. A copy of the DPH application shall be provided to Lessor upon request.

34.2 Upon termination of this Lease (whether by reason of default, the natural expiration of the Term or otherwise, provided however, the provisions of this Section 34.2 shall not apply in the event this Lease is terminated or assigned by reason of the exercise and closing of the Purchase Option), the following provisions shall be applicable:

(a) Upon the expiration or other termination of this Lease, Lessee shall return to Lessor the Demised Premises and the Personal Property in a condition similar to that which existed on the Commencement Date, licensed by DPH and by any governmental agencies having jurisdiction over the Demised Premises, reasonable wear and tear excepted, and free of liens or encumbrances arising through Lessee except for tax liens for current general real estate taxes or special assessments, personalty leases and other expenses incurred in the ordinary course of business which shall be prorated, and liens disclosed on Exhibit F hereto.

(b) Lessor shall keep and shall not be obligated to return to Lessee any Base Rent paid by Lessee. Lessor shall pay to Lessee the amount of any unused tax, insurance or other reserve deposited by Lessee during the Term, other than those relating to expenses accrued during the Term; provided that in the event any such amounts are held by a Lender, as applicable, Lessor shall remit such amounts to Lessee upon Lessor's receipt from the Lender. Lessee shall not be obligated to account or pay to Lessor any earnings or income earned from the Commencement Date to the termination date. Lessee shall pay all bills incurred in the ownership of the Demised Premises and operation of the Facility from the Commencement Date through the termination date, and shall receive and keep all income and suffer all losses incurred in the ownership of the Demised Premises and operation of the Facility from the Commencement Date through the termination date.

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

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

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

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

(d) Upon termination of this Lease, the parties will request appropriate inspections by governmental agencies upon the return of the Demised Premises to Lessor. Lessee agrees that it will cure any violations found involving the Demised Premises or Personal Property, provided such violations were not in existence on the Commencement Date (with Lessee bearing the burden of proof thereof). Lessee agrees to execute such documents and take such actions as may be required in order to restore Lessor to ownership and possession of the Demised Premises and the Personal Property, including, without limitation, execution of any assignment or change of ownership documents required to license Lessor or its assignee to operate the Facility and to qualify Lessor for participation in Medicare and Medicaid under the Provider Agreements.

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

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

(g) Upon termination or expiration of this Lease, any furniture, fixtures, equipment, linens, food, supplies and personal property acquired by Lessee with respect to the Facility shall become the property of Lessor, and this Lease shall serve as an assignment for purposes of giving effect to such transfer.

(h) Upon Lessor's request, Lessee shall assign to any designee of Lessor any rights of Lessee under any documents with the prior operators of the Facility. This Lease shall serve as an assignment to give effect to the foregoing.

ARTICLE XXXV - PURCHASE OPTION.

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35.1 Lessors have granted Lessees an option to purchase the Facility beginning on the first day of the first anniversary of the commencement date in the form of **Exhibit D** attached hereto (the "**Purchase Option**").

ARTICLE XXXVI - TRANSFER OF OPERATIONS UPON TERMINATION OF LEASE

The provisions of this ARTICLE XXXVI shall apply in connection with any termination of this Lease or Lessee's right to possession of the Demised Premises, other than a termination resulting from the exercise by Lessee (or its permitted designee) of the Purchase Option.

36.1 The date on which (i) this Lease either terminates or expires pursuant to its terms or is terminated by either party whether pursuant to a right granted to it hereunder or otherwise, (ii) Lessee's right to possession of the Demised Premises is terminated by Lessor pursuant to a right granted to it hereunder or otherwise, or (iii) Lessee otherwise abandons the Demised Premises shall be referred to as the "**Closing Date**" in this Article. Upon Lessor's election on the Closing Date, this Lease shall be deemed and construed as an absolute assignment for purposes of vesting in Lessor (or Lessor's designee) all of Lessee's right, title and interest in and to the following intangible property which is now or hereafter used in connection with the operation of the Demised Premises (the "**Intangibles**") and an assumption by Lessor (or Lessor's designee) of Lessee's obligations under the Intangibles from and after the Closing Date; provided that, from and after the Closing Date, Lessee shall indemnify, defend and hold harmless Lessor and any future tenants against any claims, losses, costs or damages, including reasonable attorneys' fees incurred or arising by reason of Lessee's obligations under the Intangibles during the Term of this Lease:

(1) service contracts and equipment leases for the benefit of the Demised Premises to which Lessee is a party, and which can be terminated without penalty by Lessee within sixty (60) or fewer days' notice or which Lessor requests be assigned to Lessor (or Lessor's designee) pursuant to this Article XXXVI, subject to any required consents of the Lessor or providers under such service contracts and equipment leases;

(2) to the extent permitted by law, any provider agreements with Medicare, Medicaid or any other third-party payor programs (excluding the right to any reimbursement for periods prior to the Closing Date, as defined above) entered in connection with the Demised Premises to the extent assignable by Lessee; provided that in addition thereto Lessor (or Lessor's designee) shall be permitted to bill under Lessee's Medicare and Medicaid provider agreements, as applicable, until any assignment thereof has become effective, and Lessee shall promptly remit to Lessor (or Lessor's designee) any funds received with respect to such billing);

(3) all existing agreements with residents and any guarantors thereof of the Demised Premises, to the extent assignable by Lessee (excluding the right to any payments for periods prior to the Closing Date) and any and all patient trust fund accounts; and

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(4) at Lessor's option, the business of Lessee as conducted at the Demised Premises as a going concern, including but not limited to the name of the business conducted thereon and all telephone numbers presently in use therein.

36.2 Lessor shall be responsible for and shall pay all accrued expenses with respect to the Demised Premises accruing on or after 12:01 a.m. (local time) on the Closing Date and shall be entitled to receive and retain all revenues from the Demised Premises accruing on or after 12:01 a.m. on the Closing Date. Within fifteen (15) Business Days after the Closing Date, the following adjustments and proration shall be determined as of the Closing Date:

(1) Real estate taxes, ad valorem taxes, school taxes, assessments and personal property, intangible and use taxes, if any. If the information as to the actual amount of any of the foregoing taxes and assessments are not available for the tax year in which the Closing Date occurs, the proration of such taxes shall be estimated based upon reasonable information available to the parties, including information disclosed by the local tax office or other public information, and an adjustment shall be made when actual figures are published or otherwise become available.

(2) Lessee will terminate the employment of all employees on the Closing Date and shall be and remain liable for any and all wages, accrued vacation and sick leave pay for employees of the Demised Premises with respect to the period prior to 12:01 a.m. on the Closing Date.

(3) Lessor (or Lessor's designee) shall receive a credit equal to any advance payments by patients at the Demised Premises to the extent attributable to periods after 12:01 a.m. on the Closing Date.

(4) The present insurance coverage on the Demised Premises shall be terminated as of the Closing Date and there shall be no proration of insurance premiums.

(5) All other income from, and expenses of, the Demised Premises (other than mortgage interest and principal), including but not limited to public utility charges and deposits, maintenance charges and service charges shall be prorated between Lessee and Lessor as of 12:01 a.m. on the Closing Date. Lessee shall, if possible, obtain final utility meter readings as of the Closing Date. To the extent that information for any such proration is not available, Lessee and Lessor shall effect such proration within sixty (60) days after the Closing Date.

(6) Lessee shall be and remain responsible for any employee severance pay, accrued benefits (whether vested or unvested), and related taxes which may be payable as the result of any termination of an employee's employment on or prior to 12:01 a.m. on the Closing Date.

36.3 All necessary arrangements shall be made to provide possession of the Demised Premises to Lessor or its designee on the Closing Date, at which time of possession Lessee shall deliver to Lessor, or its designee, all medical records, patient records and other personal information concerning all patients residing at the Demised Premises as of the Closing Date and other relevant records used or developed in connection with the business

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conducted at the Demised Premises. Such transfer and delivery shall be in accordance with all applicable laws, rules and regulations concerning the transfer of medical records and other types of patient records.

36.4 For the period commencing on the Closing Date and ending on the date Lessor, or its designee, obtains any and all appropriate state or other governmental licenses and certifications required to operate the Facility, Lessee hereby agrees that, to the extent permitted by law, Lessor, or Lessor's designee, shall have the right, but not the obligation, to manage and operate the Demised Premises, on a triple net basis, and shall be entitled to all revenues of the Demised Premises during such period, and to use any and all licenses, certifications and provider agreements issued to Lessee by any federal, state or other governmental authority for such operation of the Demised Premises, if permitted by any such governmental authorities. If Lessor or its designee exercises the right described above in this Section 36.4, the provisions of this Section 36.4 shall be self-operative and shall constitute a management agreement between Lessee, on the one hand, and Lessor or its designee, on the other hand, on the terms set forth above in this Section 36.4; provided, however, that upon the request of Lessor or its designee, Lessee shall enter into a separate management agreement on the terms set forth in this Section 36.4 and on such other terms and provisions as may be specified by Lessor or its designee.

36.5 Lessee shall provide Lessor (or Lessor's designee) with an accounting within fifteen (15) days after the Closing Date of all funds belonging to patients at the Demised Premises which are held by Lessee in a custodial capacity. Such accounting shall set forth the names of the patients for whom such funds are held, the amounts held on behalf of each such patient and Lessee's warranty that the accounting is true, correct and complete. Additionally, Lessee, in accordance with all applicable rules and regulations, shall make all necessary arrangements to transfer such funds to a bank account designated by Lessor and any future tenants (or Lessor's designee), and Lessor (or Lessor's designee) shall in writing acknowledge receipt of and expressly assume all Lessee's financial and custodial obligations with respect thereto. Notwithstanding the foregoing, Lessee will indemnify, defend and hold Lessor harmless, from all liabilities, claims and demands, including reasonable attorney's fees, in the event the amount of funds, if any, transferred to Lessor's (or Lessor's designee's) bank account as provided above, did not represent the full amount of the funds then or thereafter shown to have been delivered to Lessee as custodian that remain undisbursed for the benefit of the patient for whom such funds were deposited, or with respect to any matters relating to patient funds which accrued during the Term and Lessor (or Lessor's designee) will indemnify, defend and hold Lessee harmless from all liabilities, claims and demands, including reasonable attorney's fees with respect to any matters relating to patient funds which accrue after the Term.

36.6 All cash, checks and cash equivalent at the Demised Premises and deposits in bank accounts (other than patient trust accounts) relating to the Demised Premises on the Closing Date shall remain Lessee's property after the Closing Date. Subject to the provisions of Article 24 hereof, all accounts receivable, loans receivable and other receivables of Lessee whether derived from operation of the Demised Premises or otherwise, shall remain the property of Lessee after the Closing Date. Lessee shall retain full responsibility for the

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collection thereof. Lessor (or Lessor's designee) shall assume responsibility for the billing and collection of payments on account of services rendered by it on and after the Closing Date. In order to facilitate Lessee's collection efforts, Lessee agrees to deliver to Lessor (or Lessor's designee), within a reasonable time after the Closing Date, a schedule identifying all of those private pay balances owing for the month prior to the Closing Date and Lessor agrees to apply any payments received which are specifically designated as being applicable to services rendered prior to the Closing Date to reduce the pre-Closing Date balances of said patients by promptly remitting said payments to Lessee. Payments received by Lessor (or Lessor's designee) or Lessee from patients owing money for services rendered by Lessor (or Lessor's designee) and Lessee and which are not allocated to a particular time period shall (a) for the first sixty (60) days after the Closing Date be applied to any pre-Closing Date monthly balances due to Lessee for services provided prior to the Closing Date, with the excess if any, applied to any post-Closing Date monthly balances due for services rendered on or after the Closing Date, and (b) at all points after the first sixty (60) days after the Closing Date be applied to any post-Closing Date monthly balances due to Lessor or its designee for services provided after to the Closing Date, with the excess if any, applied to any pre-Closing Date monthly balances due for services rendered by Lessee on or before the Closing Date. Lessor (or Lessor's designee) shall cooperate with Lessee in Lessee's collection of its pre-Closing Date accounts receivable. Neither Lessor nor any future tenants shall have any liability for uncollectible receivables and shall not be obligated to bear any expense as a result of such activities on behalf of Lessee. Subject to the provisions of Article 24 hereof, Lessor (or Lessor's designee) shall remit to Lessee or its assignee those portions of any payments received by Lessor (or Lessor's designee) which are specifically designated as repayment or reimbursement arising out of cost reports filed for the cost reporting periods ending on or prior to the Closing Date.

36.7 With respect to residents at the Demised Premises on the Closing Date, Lessor and Lessee agree as follows:

(1) With respect to Medicare and Medicaid residents, Lessor and Lessee agree that subject to the provisions of Article XXIV hereof, payment for in-house residents covered by Medicare or Medicaid on the Closing Date will be made (on a per diem basis) by Medicare or Medicaid under current regulations directly to Lessee for services rendered at the Demised Premises prior to the Closing Date. Said payments shall be the sole responsibility of Lessee and Lessor shall in no way be liable therefor. After the Closing Date, Lessor (or Lessor's designee) and Lessee shall each have the right to review supporting books, records and documentation that are in the possession of the other relating to Medicaid or Medicare payments.

(2) If, following the Closing Date, Lessor (or Lessor's designee) receives payment from any state or federal agency or third-party provider which represents reimbursement with respect to services provided at the Demised Premises prior to the Closing Date, Lessor agrees that, subject to the provisions of Article 24 hereof, it shall remit such payments to Lessee. Payments by Lessor to Lessee shall be accompanied by a copy of the appropriate remittance.

36.8 In addition to the obligations required to be performed hereunder by Lessee and Lessor on and after the Closing Date, Lessee and Lessor agree to perform such other acts,

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and to execute, acknowledge, and/or deliver subsequent to the Closing Date such other instruments, documents and materials and Lessee shall perform such other acts and to execute, acknowledge, and/or deliver subsequent to the Closing Date such other instruments, as the other may reasonably request in order to effectuate the consummation of the transaction contemplated herein.

36.9 Lessee for itself, its successors and assigns hereby indemnifies and agrees to defend and hold Lessor and its successors and assigns, as well as any future tenants of Lessor with respect to the Facility harmless from any and all claims, demands, obligations, losses, liabilities, damages, recoveries and deficiencies (including interest, penalties and reasonable attorney's fees, costs and expenses) which any of them may suffer as a result of the breach by Lessee in the performance of any of its material commitments, covenants or obligations under this Article 36, or with respect to any suits, arbitration proceedings, administrative actions or investigations which relate to the use by Lessee of the Demised Premises during the Term or for any liability which may arise from operation of the Demised Premises as a nursing home during the Term, including without limitation, any amounts due or to be reimbursed to any governmental authority based upon any audit or review of Lessee, or of the Facility or the operation thereof and pertaining to the period prior to the Closing Date or any amounts recaptured under Titles XVIII or XIX based upon applicable Medicaid/Medicare recapture regulations. The rights of Lessor (or Lessor's designee) under this paragraph are without prejudice to any other remedies not inconsistent herewith which Lessor may have against Lessee pursuant to the terms of this Lease. The foregoing indemnity shall survive the expiration or termination of this Lease, whether due to lapse of time or otherwise.

36.10 Lessor shall have the right to offset against any monies due Lessee pursuant to the terms of this Article 36, any amounts due by Lessee to Lessor pursuant to this Lease, including without limitation any amounts due for taxes, utilities, unemployment insurance premiums, payroll obligations or any other obligation arising from the operation of the Demised Premises.

36.11 Anything to the contrary contained in this Article 36 notwithstanding, in the event the termination of this Lease is due to a default by Lessee hereunder, none of the provisions of this Article 36 shall in any way limit, reduce, restrict or modify the rights otherwise granted to Lessor pursuant to this Lease, and to the extent any monies are due to Lessee pursuant to this Article 36, such sums shall be applied by Lessor to any damages suffered by Lessor as a result of Lessee's default hereunder.

36.12 Lessor and Lessee agree to cooperate with each other in order to effectuate the terms and provisions of this Article 36, including without limitation, full cooperation with respect to transfer of licensure and provider agreements (including providing any signed forms or other materials required), vacating the Facility, and in transition of matters relating to operation of the Facility, including without limitation records, IT matters, and reconciliation of pre-Closing and post-Closing accounts receivable and accounts payable.

ARTICLE XXXVII - OTA BACKSTOP INDEMNIFICATION

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37.1 Other than in connection with a termination resulting from the exercise by Lessee (or its permitted designee) of the Purchase Option, Lessor for themselves, their successors and assigns hereby indemnify and agree to defend and hold Lessee and their successors and assigns harmless from any and all claims, demands, obligations, losses, liabilities, damages, recoveries and deficiencies (including interest, penalties and reasonable attorney's fees, costs and expenses) which any of them may suffer as a result of the breach by Lessor in the performance of any of their commitments, covenants or obligations under this Article 36, or with respect to any suits, arbitration proceedings, administrative actions or investigations which relate to the use of the Demised Premises after the Term or for any liability which may arise from operation of the Demised Premises as a nursing home after the Term. The rights of Lessee under this paragraph are without prejudice to any other remedies not inconsistent herewith which Lessee may have against Lessor pursuant to the terms of this Lease or otherwise.

ARTICLE XXXVIII - MISCELLANEOUS

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

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

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

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

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

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

38.7 Should Lessee hold possession hereunder after the expiration of the Term of this Lease with or without the consent of Lessor, Lessee shall become a tenant on a month-to-month basis upon all the terms, covenants and conditions herein specified, excepting however that Lessee shall pay Lessor a monthly rental, for the period of such month-to-month tenancy, in an amount equal to fifty percent (50%) greater than the last Rent specified.

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

If to Lessor: c/o Cascasis, LLC
3450 Oakton Street
Skokie, Illinois 60076
Attn: Mordy Kaplan
Email: mkaplan@cascadellc.com

With copy to (which shall not constitute notice): Sternshein Legal Group
5316 East Chapman Avenue
Orange, California 92869
Attn: Jennifer M. Sternshein
Email: jennifer@sternsheingroup.com

If to Lessee: c/o Hill Valley Healthcare, LLC
1007 Broadway, Floor 2
Woodmere, New York 11598
Attn: Shimmy Idels and Steven Schwartz

With copy to (which shall not constitute notice) UB Greensfelder LLP
West 2nd Street, Suite 1100
Cleveland, Ohio 44113
Attn: Daniel Gottesman, Esq.
Email: dgottesman@ubglaw.com

or such other address that any party designates to the other by written notice given in the manner stated above. Any notice sent by electronic mail shall be deemed delivered upon transmission, so

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long as said transmission is evidenced by proof of said transmittal, and sent before 5:00 p.m. local time at the place of the recipient and if sent after 5:00 p.m. shall be deemed delivered on the next Business Day. Notices from counsel to Lessor shall for all purposes hereunder constitute notice from Lessor. Notices from counsel to Lessee shall for all purposes hereunder constitute notice from Lessee.

38.9 Intentionally Omitted.

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

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

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

38.13 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, or in any way affect this Lease.

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

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

38.16 All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require. “Any” or “any” shall mean “any and all”; “or” shall mean “and/or”; “including” shall mean “including, but not limited to”.

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38.17 This Lease may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement. This Lease may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

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

38.19 This Lease shall be construed in accordance with the laws of the State of Tennessee without regard to conflict of laws principles.

38.20 With respect to disputes, problems or claims arising out of or in connection with this Lease (“**Disputes**”), the parties shall, in good faith, use their reasonable best efforts to resolve the Dispute. If within ten (10) days of the arising of the Dispute, the parties are unable to resolve the Dispute in good faith, both parties shall make good faith efforts to agree upon and engage a third-party arbitrator. If after thirty (30) days from the good faith effort to agree upon and engage a third-party arbitrator, the parties are unable to agree upon an, either party may submit to final and binding arbitration before the Bais Din Maysharim (the “**Beit Din**”). The decision of the Beit Din shall be binding upon the parties with respect to all disputes submitted. The provisions of this Section 38.19 may be enforced by any court of competent jurisdiction, and the parties seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys’ fees, to be paid by the parties against whom enforcement is ordered. The fees and expenses of such Beit Din shall be borne by non-prevailing party, as determined by the Beit Din. The parties hereto agree that this Section 38.19 has been included to rapidly and inexpensively resolve any disputes between them with respect to the matters described above, and that this paragraph shall be grounds for dismissal of any court action commenced by any party with respect to a dispute arising out of such matters.

38.21 It is expressly understood and agreed that except as otherwise expressly provided herein, this Lease shall not be construed as creating any personal liability whatsoever against any member, officer, director, shareholder or agent of Lessor and/or of Lessee and in particular without limiting the generality of the foregoing, there shall be no personal liability to pay any obligations set forth herein or to perform any covenant, either expressed or implied, herein contained, and that, except as otherwise provided herein, all personal liability of any member, officer, director, shareholder or agent of Lessor and/or of Lessee of every sort, if any, is hereby expressly waived by the other party hereto.

38.22 The term “Knowledge” as used herein shall be deemed to mean the best of a Person’s knowledge, and of the principals, officers and agents of such Person. Any fact or circumstance that a Person and their principals, officers or agents reasonably should know assuming commercially reasonable best efforts were utilized, shall be deemed the Knowledge of such Person. The term “commercially reasonable best efforts” shall mean the efforts that a commercially reasonable Person desirous of achieving a result would use in similar

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circumstances to achieve that result as expeditiously as reasonably practicable, provided, however, that a Person required to use commercially reasonable best efforts under this Lease will not thereby be required to take any action that would result in a material adverse change in the benefits to such Person of this Lease or the transactions contemplated hereby or to make any change in its business, incur any extraordinary fees or expenses or incur any other material burden. "Person" shall mean any individual, partnership (general and/or limited), association, corporation, limited liability company, trust, joint venture or other legal entity of any and every nature whatsoever.

[Signature Page Follows]

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

LESSOR:

McKendree SNF Property Holdings, LLC
a Delaware limited liability company

By: _____
Name: Mordechai Kaplan
Title: Authorized Signatory

[REDACTED]

[REDACTED]

[signatures continue on following page]


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LESSEE:

McKendree SNF Operations, LLC
a Nevada limited liability company

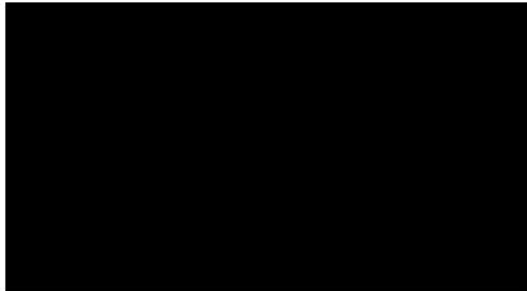
By: 
Name: Shimon Idels
Title: Authorized Representative

McKendree ALF Operations, LLC
a Nevada limited liability company

By: 
Name: Shimon Idels
Title: Authorized Representative

McKendree ILF Operations, LLC
a Nevada limited liability company

By: 
Name: Shimon Idels
Title: Authorized Representative



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LESSEE:

McKendree SNF Operations, LLC
a Nevada limited liability company

By: _____
Name: Steven Schwartz
Title: Authorized Representative

McKendree ALF Operations, LLC
a Nevada limited liability company

By: _____
Name: Steven Schwartz
Title: Authorized Representative

McKendree ILF Operations, LLC
a Nevada limited liability company

By: _____
Name: Steven Schwartz
Title: Authorized Representative

EXHIBIT A
CONFIDENTIAL

4047 Lebanon Road, Hermitage, TN 37076

Legal Description of the ("Property"):

TRACT I:

BEING A PARCEL OF LAND IN THE 11TH COUNCIL DISTRICT OF NASHVILLE, DAVIDSON COUNTY, TENNESSEE, LOCATED ON THE EASTERLY MARGIN OF U.S. HIGHWAY 70 (LEBANON ROAD) EXTENDING FROM THE NORTHERLY MARGIN OF BELINDA DRIVE TO THE SOUTHERLY MARGIN OF HIGHLAND VIEW DRIVE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN AT THE SOUTHEAST INTERSECTION OF U.S. HIGHWAY 70 AND HIGHLAND VIEW DRIVE; THENCE, WITH SAID MARGIN OF HIGHLAND VIEW DRIVE, SOUTH 82°47'04" EAST, A DISTANCE OF 1109.71 FEET TO AN IRON PIN AT THE NORTHWEST CORNER OF MCKENDREE VILLAGE, INC., OF RECORD IN DEED BOOK 8193, PAGE 190, R.O.D.C. THENCE, LEAVING SAID SOUTHERLY MARGIN, SOUTH 27°32'55" WEST, A DISTANCE OF 332.97 FEET TO AN IRON PIN AT THE SOUTHWEST CORNER OF SAID MCKENDREE VILLAGE, INC.; THENCE, WITH THE WEST LINE OF MCKENDREE VILLAGE, INC., OF RECORD IN DEED BOOK 5592, PAGE 113, R.O.D.C. AND DEED BOOK 5583, PAGE 433, R.O.D.C. SOUTH 28°00'20" WEST, A DISTANCE OF 510.72 FEET TO AN IRON PIN AT THE NORTHWEST CORNER OF JAMES B. CLOYD OF RECORD IN INSTRUMENT NUMBER 200101020000212, R.O.D.C.; THENCE, WITH THE WEST LINE OF SAID CLOYD, SOUTH 27°54'18" WEST, A DISTANCE OF 271.25 FEET TO AN IRON PIN IN THE NORTHERLY LINE OF HERMITAGE ESTATES OF RECORD IN PLAT BOOK 3300, PAGE 71, R.O.D.C.; THENCE, WITH SAID HERMITAGE ESTATES, NORTH 82°48'00" WEST, A DISTANCE OF 498.39 FEET TO A CONCRETE MONUMENT; THENCE, NORTH 82°42'49" WEST, A DISTANCE OF 166.16 FEET TO AN IRON PIN IN THE EASTERLY LINE OF HERMITAGE METHODIST CHURCH OF RECORD IN DEED BOOK 5194, PAGE 183, R.O.D.C.; THENCE, WITH SAID CHURCH PROPERTY, THE FOLLOWING CALLS: NORTH 18°43'25" EAST, A DISTANCE OF 40.00 FEET TO AN IRON PIN; NORTH 55°02'27" WEST, A DISTANCE OF 331.35 FEET TO AN IRON PIN; SOUTH 37°39'48" WEST, A DISTANCE OF 302.02 FEET TO AN IRON PIN; THENCE, WITH A CURVE TO THE LEFT 48.82 FEET TO AN IRON PIN, SAID CURVE HAVING A CENTRAL ANGLE OF 30°27'29", A RADIUS OF 91.83 FEET, AND A CHORD OF SOUTH 22°26'03" WEST 48.24 FEET; THENCE, SOUTH 07°10'00" WEST, A DISTANCE OF 34.90 FEET TO AN IRON PIN IN THE NORTHERLY MARGIN OF BELINDA DRIVE; THENCE, WITH SAID MARGIN, NORTH 82°50'00" WEST, A DISTANCE OF 106.00 FEET TO AN IRON PIN; THENCE, WITH A CURVE TO THE RIGHT 146.44 FEET TO AN IRON PIN, SAID CURVE HAVING A CENTRAL ANGLE OF 30°30'00", A RADIUS OF 275.10 FEET, AND A CHORD OF NORTH 67°34'59" WEST A DISTANCE OF 144.72 FEET; THENCE WITH A CURVE TO THE RIGHT OF 79.40 FEET TO AN IRON PIN IN THE EASTERLY MARGIN OF LEBANON ROAD, SAID CURVE HAVING A CENTRAL ANGLE OF 90°58'40", A RADIUS OF 50.00 FEET AND A CHORD OF NORTH 07°50'18" WEST 71.32 FEET, THENCE, WITH SAID EASTERLY MARGIN THE FOLLOWING CALLS: THENCE, WITH A CURVE TO THE RIGHT 142.52 FEET TO AN IRON PIN, SAID CURVE HAVING A CENTRAL ANGLE OF 01°04'32", A RADIUS OF 7,591.44 FEET AND A CHORD OF NORTH 38°36'28" EAST A DISTANCE OF 142.52 FEET; THENCE, NORTH 39°08'39" EAST, A DISTANCE OF 84.57 FEET TO AN IRON PIN; THENCE, WITH A CURVE TO THE LEFT 159.93 FEET TO AN IRON PIN, SAID CURVE HAVING A CENTRAL ANGLE OF 01°11'31", A RADIUS OF 7,687.44 FEET, AND A CHORD OF NORTH 38°32'57" EAST 159.93 FEET; THENCE, NORTH 37°57'11" EAST A DISTANCE OF 831.85 FEET TO AN IRON PIN; THENCE, WITH A CURVE TO THE RIGHT 53.80 FEET, SAID

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CURVE HAVING A CENTRAL ANGLE OF $21^{\circ}42'25''$ A RADIUS OF 112.00 FEET AND A CHORD WHICH BEARS NORTH $48^{\circ}48'41''$ EAST 53.48 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY CONVEYED TO NASHVILLE SENIOR CARE, LLC, A TENNESSEE NON-PROFIT LIMITED LIABILITY COMPANY, BY DEED FROM NASHVILLE HEALTHCARE INVESTORS, LLC, A TENNESSEE LIMITED LIABILITY COMPANY, OF RECORD IN INSTRUMENT NO. 201809260095447, IN THE REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE.

TRACT II:

BEING A PARCEL OF LAND IN THE ELEVENTH CIVIL DISTRICT OF NASHVILLE, DAVIDSON COUNTY, TENNESSEE LOCATED SOUTH OF HIGHLAND VIEW DRIVE AND WEST OF ANDREW JACKSON PARKWAY AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN IN THE WESTERLY MARGIN OF ANDREW JACKSON PARKWAY, SAID PIN BEING 400 FEET, MORE OR LESS, SOUTH OF HIGHLAND VIEW DRIVE AND BEING THE SOUTHEAST CORNER OF MCKENDREE VILLAGE, INC., OF RECORD IN DEED BOOK 10612, PAGE 11, R.O.D.C.; THENCE, WITH SAID MARGIN SOUTH $15^{\circ}26'38''$ WEST, A DISTANCE OF 681.47 FEET TO AN IRON PION AT THE NORTHEAST CORNER OF HERMITAGE UNITED METHODIST CHURCH OF RECORD IN INSTRUMENT NUMBER 200101020000213, R.O.D.C.; THENCE, WITH THE NORTHERLY LINES OF HERMITAGE UNITED METHODIST CHURCH AND JAMES B. CLOYD OF RECORD IN INSTRUMENT NUMBER 200101020000212, R.O.D.C. NORTH $64^{\circ}06'07''$ WEST, A DISTANCE OF 821.68 FEET TO AN IRON PIN IN THE EAST LINE OF MCKENDREE VILLAGE OF RECORD IN DEED BOOK 11432, PAGE 371, R.O.D.C.; THENCE, WITH SAID VILLAGE NORTH $28^{\circ}00'20''$ EAST, A DISTANCE OF 510.72 FEET TO AN IRON PIN AT THE SOUTHWEST CORNER OF MCKENDREE VILLAGE, INC., OF RECORD IN DEED BOOK 8193, PAGE 190, R.O.D.C.; THENCE, WITH THE SOUTHERLY LINE OF SAID MCKENDREE VILLAGE, INC., SOUTH $82^{\circ}43'52''$ EAST, A DISTANCE OF 259.88 FEET TO AN IRON PIN; THENCE, WITH THE SOUTHERLY LINES OF LINDA ADAMS OF RECORD IN INSTRUMENT NUMBER 200406180072436, R.O.D.C., E.A. BURKE, ET UX OF RECORD IN DEED BOOK 1852, PAGE 544, R.O.D.C. AND MCKENDREE VILLAGE, INC. OF RECORD IN DEED BOOK 10612, PAGE 11, R.O.D.C. SOUTH $74^{\circ}09'23''$ EAST, A DISTANCE OF 439.74 FEET TO THE POINT OF BEGINNING.

TRACT III:

LAND SITUATED IN THE ELEVENTH CIVIL DISTRICT OF NASHVILLE, DAVIDSON COUNTY, TENNESSEE AND BOUNDED ON THE NORTH BY HIGHLAND VIEW DRIVE, EAST BY ANDREW JACKSON PARKWAY, SOUTH BY MCKENDREE VILLAGE, INC., AND THE WEST BY E.A. BURKE, ET UX AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN IN THE WESTERLY MARGIN OF ANDREW JACKSON PARKWAY (70' R.O.W.) AND THE NORTHEAST CORNER OF MCKENDREE VILLAGE, INC. OF RECORD IN DEED BOOK 5583, PAGE 433, R.O.D.C. AND ALSO BEING THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT; THENCE, WITH THE NORTHERLY LINE OF MCKENDREE VILLAGE, INC. OF RECORD IN DEED BOOK 5583, PAGE 433, R.O.D.C., NORTH $74^{\circ}09'23''$ WEST, A DISTANCE OF 182.15 FEET TO AN IRON PIN; THENCE, ALONG OR NEAR THE EASTERLY LINE OF E.A. BURKE, ET UX OF RECORD IN DEED BOOK 1852, PAGE 544, R.O.D.C. NORTH $28^{\circ}25'26''$ EAST, A DISTANCE OF 360.17

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FEET TO AN IRON PIN IN THE SOUTHERLY MARGIN OF HIGHLAND VIEW DRIVE; THENCE, WITH SAID SOUTHERLY MARGIN AND ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 120.00 FEET, A CENTRAL ANGLE OF $78^{\circ}22'59''$, AN ARC LENGTH OF 164.16 FEET AND BEING SUBTENDED BY A CHORD WHICH BEARS SOUTH $27^{\circ}22'32''$ EAST 151.66 FEET TO AN IRON PIN IN THE WESTERLY MARGIN OF ANDREW JACKSON PARKWAY (70' R.O.W.); THENCE, WITH SAID PARKWAY SOUTH $15^{\circ}52'51''$ WEST, A DISTANCE OF 241.00 FEET TO THE POINT OF BEGINNING.

TRACT IV:

LAND SITUATED IN THE ELEVENTH CIVIL DISTRICT OF NASHVILLE, DAVIDSON COUNTY, TENNESSEE AND BOUNDED ON THE NORTH BY HIGHLAND VIEW DRIVE, EAST BY ADAMS, SOUTH BY MCKENDREE VILLAGE AND THE WEST BY MCKENDREE VILLAGE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN IN THE SOUTHERLY MARGIN OF HIGHLAND VIEW DRIVE, SAID PIN BEING SOUTH $82^{\circ}12'22''$ EAST, A DISTANCE OF 259.05 FEET FROM THE NORTHEAST CORNER OF MCKENDREE VILLAGE OF RECORD IN BOOK 11432, PAGE 371, R.O.D.C. AND ALSO BEING THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT; THENCE, ALONG OR NEAR THE WESTERLY LINE OF LINDA ADAMS OF RECORD IN INSTRUMENT NUMBER 200406180072436, R.O.D.C. SOUTH $27^{\circ}33'16''$ WEST, A DISTANCE OF 330.45 FEET TO AN IRON PIN; THENCE, WITH THE NORTHERLY LINE OF MCKENDREE VILLAGE OF RECORD IN DEED BOOK 5592, PAGE 113, R.O.D.C. NORTH $82^{\circ}43'52''$ WEST, A DISTANCE OF 259.88 FEET TO AN IRON PIN; THENCE, WITH THE EASTERLY LINE OF MCKENDREE VILLAGE OF RECORD IN DEED BOOK 11432, PAGE 371, R.O.D.C. NORTH $27^{\circ}32'55''$ EAST, A DISTANCE OF 332.97 FEET TO A P.K. NAIL; THENCE, WITH THE SOUTHERLY MARGIN OF HIGHLAND VIEW DRIVE SOUTH $82^{\circ}12'22''$ EAST, A DISTANCE OF 259.05 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY CONVEYED TO NASHVILLE SENIOR CARE, LLC, A TENNESSEE NON-PROFIT LIMITED LIABILITY COMPANY, BY DEED FROM NASHVILLE HEALTHCARE INVESTORS, LLC, A TENNESSEE LIMITED LIABILITY COMPANY, OF RECORD IN INSTRUMENT NO. 201809260095448, IN THE REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE.

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COMMENCEMENT DATE RIDER

This Commencement Date Rider is entered into as June 17, 2024 between McKendree SNF Property Holdings, LLC, a Delaware limited liability company; [REDACTED] (the “**Lessor**”) and McKendree SNF Operations LLC, a Nevada limited liability company; McKendree ALF Operations LLC, a Nevada limited liability company; McKendree IL Operations LLC, a Nevada limited liability company; and [REDACTED] (the “**Lessee**”).

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement (the “**Lease**”) pursuant to which Lessor has agreed to lease to Lessee and Lessee have agreed to lease from Lessor the Demised Premises and Personal Property described therein; and

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

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

Lease Term. Lessor and Lessee agree that the term of the Lease shall commence on June 18, 2024 (the “**Commencement Date**”) and terminate on the day prior to the ten (10) year anniversary of the Commencement Date, unless sooner terminated or extended as provided therein.


[Signature Page Follows]

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

LESSOR:

McKendree SNF Property Holdings, LLC; and
[REDACTED],
each a Delaware limited liability company

By: 
Name: Mordechai Kaplan
Title: Authorized Signatory

LESSEE:

McKendree SNF Operations LLC;
McKendree ALF Operations LLC;
McKendree IL Operations LLC; and
[REDACTED]
each a Nevada limited liability company

By: _____
Name: Steven Schwartz
Title: Authorized Representative

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

LESSOR:

McKendree SNF Property Holdings, LLC; and
Waynesboro Property Holdings, LLC,
each a Delaware limited liability company

By: _____
Name: Mordechai Kaplan
Title: Authorized Signatory

LESSEE:

McKendree SNF Operations LLC;
McKendree ALF Operations LLC;
McKendree IL Operations LLC; and
Waynesboro SNF Operations LLC,
each a Nevada limited liability company

By: _____
Name: Shimon Idels
Title: Authorized Representative

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EXHIBIT E

FORM OF GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the “Guaranty Agreement”) is made as of the [●] day of [●], 2024 (“Execution Date”), and is effective as of the ___ day of ___, 2024 by [individual guarantors], [parent company]] (collectively, the “Guarantor”), jointly and severally, in favor of [●], a [●] limited liability company (the "Lessor").

WHEREAS, concurrently herewith, Lessor and [●] (the “Lessee”), a [●] limited liability company (the “Lessee”), are entering into that certain Maser Lease Agreement (the “Lease”) of the Leased Premises (as defined therein) pursuant to the terms, conditions and covenants set forth therein;

WHEREAS, Guarantor is affiliated with Lessee and will, directly and indirectly, derive economic and other benefit from the transactions contemplated by the Lease; and

WHEREAS, in order to induce Lessor to enter into the Lease, the Guarantor has agreed to execute and deliver this Guaranty Agreement; and

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor jointly and severally hereby agrees as follows:

1. Guaranty. Guarantor hereby jointly and severally irrevocably, absolutely and unconditionally guarantees to Lessor, its successors and assigns, the prompt payment by Lessee of its obligations under the Lease, up to (i) an amount equal to the Base Rent and all other regularly scheduled amounts of Additional Rent due under the Lease for the period of twelve (12) months following such time as the Guaranty Agreement is exercised, but excluding any extraordinary or non-recurring amounts which may become due as a result of an Event of Default or otherwise, and (ii) any Enforcement Costs (as defined below), and (iii) in the event Lessee fails to comply with Section 36.12 of the Lease, an additional amount equal to the Rent and all other amounts due under the Lease for the period of three (3) months following such time as the Guaranty Agreement is exercised (the “Additional Amount”) shall be added, provided that nothing herein shall be deemed to require any Guarantor to guaranty any obligations of Lessee arising pursuant to any operations transfer or similar agreement entered into pursuant to Article XXXVI of the Lease (all of the foregoing collectively the “Guaranteed Obligations”).

2. Continuing Guaranty. This Guaranty Agreement is a continuing guaranty. The liability of Guarantor shall continue until the full payment and performance is made of all obligations of Lessee under the Lease.

3. Extension or Renewal of Lease. Lessor and Lessee may, without prior notice to and without the consent of Guarantor, and without impairing or in any way affecting the liability

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of Guarantor to Lessor: (a) extend, in whole or in part, by renewal or otherwise, and on one or any number of occasions, the term of the Lease or any of the other terms or provisions therein, including the rent payable thereunder; (b) release, surrender, exchange, modify, impair or extend the period of duration or the time for performance of, any of Lessee's obligations under the Lease; (c) settle or compromise any claim of Lessor in respect of any of Lessee's obligations under the Lease; (d) exchange or surrender all or any part of any property or interest in property held by Lessor by way of pledge, mortgage or otherwise, as security for any of Lessee's obligations under the Lease; and (e) exercise or refrain from exercising any rights against Lessee or others (including any other Guarantor) or otherwise act or refrain from acting.

4. Waiver of Notice. Guarantor waives: (a) notice of acceptance of this Guaranty Agreement by Lessor; (b) notice of dishonor, presentment, demand for payment and protest of the Lease; and (c) notice of the failure of Lessee or its successors and assigns to pay any amounts due under the Lease or perform any other obligations provided for therein.

5. Subordination of Lessee's Obligations to Guarantor. Any indebtedness of Lessee to Guarantor now or hereafter existing (including, but not limited to, any rights to subrogation Guarantor may have as a result of any payment by Guarantor under this Guaranty Agreement), together with any interest thereon, shall be, and such indebtedness is hereby, subordinated to the prior payment in full of the Guaranteed Obligations. Until the Lease has been terminated or expired in accordance with its terms and all Guaranteed Obligations are paid in full, Guarantor agrees not to accept any payment or satisfaction of any kind of any indebtedness of Lessee to Guarantor and hereby assigns such indebtedness to Lessor, including the right to file a proof of claim and to vote thereon in connection with any bankruptcy, insolvency or reorganization, and the right to vote on any plan of arrangement or organization.

6. Absolute and Unconditional Obligations. The Guaranteed Obligations shall be in each instance absolute and unconditional, and independent of the obligations of Lessee or any other obligor or guarantor of the Lease. This Guaranty Agreement is a guaranty of payment and performance and not of collection and Guarantor waives any right to require that any action, case or proceeding be brought against any other person or entity or to require that resort be had to any security. The Guarantor further acknowledges that the obligations of the undersigned under this Guaranty Agreement are the joint and several obligations of each of the undersigned.

7. Events Not Affecting Guaranty. Neither the declaration of a default, nor the exercise of any remedies, nor any sale, enforcement or realization of any security for any of Lessee's obligations under the Lease shall in any way affect Guarantor's obligations hereunder, even though any rights which Guarantor may have may be extinguished, diminished or otherwise affected by such action.

8. No Assignment of Obligations. Guarantor's obligations hereunder shall not be assigned nor delegated.

9. Severability. If any term or provision of this Guaranty Agreement shall be determined to be illegal or unenforceable, all other terms and provisions hereunder shall nevertheless remain effective and shall be enforced to the fullest extent permitted by law.

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10. Reinstatement of Guaranty. This Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of the any amount due under the Lease is rescinded or must otherwise be restored or returned by Lessor upon any insolvency or bankruptcy or otherwise, all as though such payment had not been made. If at any time any payment, or portion thereof, made by, or for the account of, Guarantor on account of the obligations under this Guaranty Agreement, is set aside by any court or trustee having jurisdiction as a voidable preference, fraudulent conveyance or otherwise as being subject to avoidance or recovery under the provisions of Bankruptcy Code or under any other applicable Federal or state bankruptcy, insolvency or similar law, Guarantor hereby agrees that this Guaranty Agreement (a) shall continue and remain in full force and effect, or (b) if previously terminated as a result of Guarantor having fulfilled Guarantor's obligations hereunder in full or as a result of Lessor having released Guarantor from Guarantor's obligations and liabilities hereunder, shall without further act or instrument be reinstated and shall thereafter remain in full force and effect, in either case with the same force and effect as though such payment or portion thereof had not been made, and if applicable, as if such previous termination had not occurred.

11. Subrogation. Notwithstanding any amounts collected by Lessor from Guarantor and any collateral pursuant to the provisions of this Guaranty Agreement, Guarantor shall not seek to enforce or collect upon any rights which Guarantor now has or may acquire against Lessee either by way of subrogation, indemnity, reimbursement or contribution for any amount paid under this Guaranty Agreement, nor shall Guarantor file, assert or receive payment on any claim, whether now existing or hereafter arising, against Lessee subsequent to the commencement of a case by or against Lessee under the Bankruptcy Code or under any other applicable Federal or state bankruptcy, insolvency or similar law, in each case unless and until all amounts due under the Lease have been paid in full and provided that no such action by Guarantor could, in the reasonable opinion of Lessor and its counsel, result in the "preference" period (as set forth in Section 547(b)(4) of the Bankruptcy Code or any successor provision) with respect to any payment or other transfer of assets to Lessor from or on behalf of any party being held to be longer than such period would have been held to be if Guarantor had not taken such action. In the event an action, case or proceeding is filed or commenced under the Bankruptcy Code or under any other applicable Federal or state bankruptcy, insolvency or similar law or an action, case or proceeding is otherwise commenced, this Guaranty Agreement shall at all times thereafter remain effective in regard to any payments or other transfers of assets to Lessor which are held voidable on the grounds of preference, fraudulent conveyance or otherwise, whether or not all amounts due under the Lease have been paid in full.

12. Representations and Warranties. As a material inducement to Lessor, Guarantor hereby represents and warrants to Lessor as follows:

(a) Guarantor has full power and authority to execute, deliver and perform any action which may be necessary or advisable to carry out the terms of this Guaranty Agreement.

(b) The execution and delivery of this Guaranty has been duly authorized, executed and delivered by Guarantor.

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(c) The execution, delivery and performance of this Guaranty Agreement will not (a) violate any provision of any existing law, statute, rule, regulation or ordinance, (b) conflict with, result in a breach of or constitute a default under (i) any order, judgment, award or decree of any court, governmental authority, bureau or agency, or (ii) any mortgage, lease, material contract or other material agreement or undertaking to which Guarantor is a party or by which Guarantor or any of its properties or assets may be bound, or (c) result in the creation or imposition of any lien upon or with respect to any property or asset now or hereafter acquired by Guarantor.

(d) No consent, license, permit, approval or authorization of, exemption by, notice to, report to, or registration, filing or declaration with any person is required in connection with the execution, delivery, performance or validity of this Guaranty or the transactions contemplated thereby.

(e) There are no outstanding judgments, actions, proceedings, claims or investigations pending or, to the best knowledge of Guarantor, threatened before any court or governmental body or arbitrator which may materially adversely affect the financial condition of Guarantor;

(f) This Guaranty Agreement, when executed and delivered, will constitute the valid and legal binding obligations of Guarantor, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally;

(g) Guarantor will derive substantial benefit from the Lease.

13. Reserved.

14. Enforcement Costs. If: (a) this Guaranty Agreement is placed in the hands of one or more attorneys for collection or is collected through any legal proceeding; (b) one or more attorneys is retained to represent Lessor in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under this Guaranty Agreement; or (c) one or more attorneys is retained to represent Lessor in any other proceedings whatsoever in connection with this Guaranty Agreement, then Guarantor shall pay to Lessor upon demand all fees, costs and expenses incurred by Lessor in connection therewith, including, without limitation, reasonable attorneys' fees, court costs and filing fees (the "Enforcement Costs"), in addition to all other amounts due hereunder.

15. Covenants. As a material inducement to Lessor, Guarantor covenants and agrees with Lessor that Guarantor will not sell, assign or otherwise dispose of its interest in any material asset other than for fair market value and consideration.

16. Entire Agreement. The whole of this Guaranty Agreement is herein set forth, and there is no verbal or other written agreement, and no understanding or custom affecting the terms thereof. This Guaranty Agreement can be modified only by a written instrument signed by Guarantor and Lessor.

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17. Successors and Assigns. This Guaranty Agreement is binding upon Guarantor and its representatives, heirs, successors and assigns and shall inure to the benefit of Lessor, its successors and assigns. Lessor shall have the right to assign and transfer this Guaranty Agreement, and any security deposited hereunder, in whole or part, to any assignee of any transaction or debt or any portion thereof. Lessor's successors and assigns shall have all of the rights, privileges and powers granted hereunder to Lessor, and shall have the right to rely upon this Guaranty Agreement. It is agreed that the liability of Guarantor hereunder is joint and several, and that Lessor may proceed against any or all Guarantors with respect to any liability under this Guaranty Agreement.

18. Notices: Any notice, request, demand, statement, authorization, approval or consent made hereunder shall be in writing and shall be sent by Federal Express or other reputable national courier service or by postage prepaid registered or certified mail, return receipt requested addressed to each party at its address indicated on the signature page of this Agreement. Notices shall be deemed given: (i) when received at the foregoing addresses if sent by Federal Express or other reputable national courier service; and (ii) three Business Days after being postmarked and addressed as aforesaid if sent by registered or certified mail return receipt requested.

Each party may designate a change of address by notice to the other party, given at least 15 days before such change of address is to become effective.

19. Gender. Words and phrases herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context.

20. No Waivers. No delay on the part of Lessor in exercising any right or remedy under this Guaranty Agreement or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand upon Guarantor shall be deemed to be a waiver of the obligation of Guarantor or of the right of Lessor to take further action without notice or demand as provided in this Guaranty Agreement. No waiver of any term, covenant or provision of this Guaranty Agreement shall be effective unless given in writing by Lessor and if so given by Lessor shall only be effective in the specific instance in which given.

21. Waiver of Jury Trial. GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, CASE, PROCEEDING, SUIT OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS GUARANTY AGREEMENT.

22. Governing Law: This Guaranty Agreement has been executed and delivered in the State of Illinois and is to be construed and enforced according to and governed by the laws of the State of Illinois.

23. Personal Jurisdiction: Guarantor agrees to submit to personal jurisdiction in the State of Illinois in any action, case or proceeding arising out of this Guaranty Agreement and consents that all service of process be sent by nationally recognized overnight courier service directed to the Guarantor at the address set forth herein and service so made will be deemed to be completed on the Business Day after deposit with such courier; provided that nothing contained herein will prevent the

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Lessor from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Lessor and the Guarantor. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this instrument.

24. Counterparts: This Guaranty Agreement may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement of Guaranty.

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Guaranty Agreement as of the date first hereinabove written.

[•]

Address:

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EXHIBIT F

PERMITTED ENCUMBRANCES

[insert from title]

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EXHIBIT F

PERMITTED ENCUMBRANCES

[insert from title]

Property Address: 4347 Lebanon Road, 4347 Lebanon Pike (Assessor), 4343 Lebanon Pike; 15 Ashbury Ln,,
41 Ashbury Ln; 4360 Andrew Jackson, Hermitage, TN 37076

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Exhibit A

Permitted Encumbrances

Taxes and assessments for the year 2024 and subsequent years, not yet due and payable.

Note: The Exempt status is subject to change and the property assessed for County and/or Real Property Taxes for the remainder of the year if the property is sold or conveyed prior to December 31, 2024.

All matters shown on plat(s) of record in Book 3300, Page 71, in the Register's Office of Davidson County, Tennessee.

Matters contained in Deed of record in Book 5194, Page 183, in the Register's Office of Davidson County, Tennessee.

Matters contained in Deed of record in Book 4927, Page 176, in the Register's Office of Davidson County, Tennessee.

Terms and provisions of Agreement, by and between McKendree Manor, Inc. and Frazier L. Harris, of record in Book 5746, Page 413, in the Register's Office of Davidson County, Tennessee.

Matters contained in Deed of record in Book 7404, Page 566, in the Register's Office of Davidson County, Tennessee.

Terms and provisions of Agreement for Dedication of Easement for Storm Sewers and/or Sanitary Sewers, by and between McKendree Village, Inc. and The Metropolitan Government of Nashville and Davidson County, Tennessee, of record in Book 7660, Page 309, in the Register's Office of Davidson County, Tennessee.

Easement from Robert A. Anglin, Jr. and Dorothy L. Anglin to First Suburban Water Utility District of Davidson County, Tennessee (Cumberland Utility District), of record in Book 8029, Page 127, in the Register's Office of Davidson County, Tennessee.

Terms and provisions of Grant of Easement, by and between Nashville Senior Care, LLC and Comcast of Nashville I, LLC, of record in Instrument No. 201810290106565, in the Register's Office of Davidson County, Tennessee.

Property Address: 104 J.V. Mangubat Drive, Waynesboro, TN 38485

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Permitted Encumbrances

Taxes and assessments for the year 2024 and subsequent years, not yet due and payable.

The Exempt status is subject to change and the property assessed for County and/or Real Property Taxes for the remainder of the year if the property is sold or conveyed prior to December 31, 2024.

All matters shown on plat(s) of record in Plat Book 3, Page 45, in the Register's Office of Wayne County, Tennessee.

Covenant Not To Compete of record in Book 10, Page 491, in the Register's Office of Wayne County, Tennessee.

All matters contained in Deed of record in Book 41, Page 295, in the Register's Office of Wayne County, Tennessee.

Grant of Transmission Line Easement of record in Book 47, Page 45, in the Register's Office of Wayne County, Tennessee.

All matters of record in Book 143, Page 498, in the Register's Office of Wayne County, Tennessee.

All matters as set forth in Consent Judgment and Final Decree of record in Book 176, Page 660, in the Register's Office of Wayne County, Tennessee.

All matters as set forth in Consent Judgment and Final Decree of record in Book 176, Page 660, in the Register's Office of Wayne County, Tennessee.

That portion of the land embraced within the bounds of any public road or thoroughfare.

CONFIDENTIAL

EXHIBIT G

CAPEX NOTE

CONFIDENTIAL

SCHEDULE 4.1

Base Rent

The annual base rent (“Base Rent”), payable in monthly installments, under the Lease shall be as follows:

Year 1: \$3,200,000

Year 2: \$3,450,000

Year 3: \$3,700,000

On the fourth (4th) anniversary of commencement of the Lease, and on every anniversary thereafter, Base Rent shall increase to One Hundred and Two Point Five Percent (102.5%) of the Base Rent for the previous year.

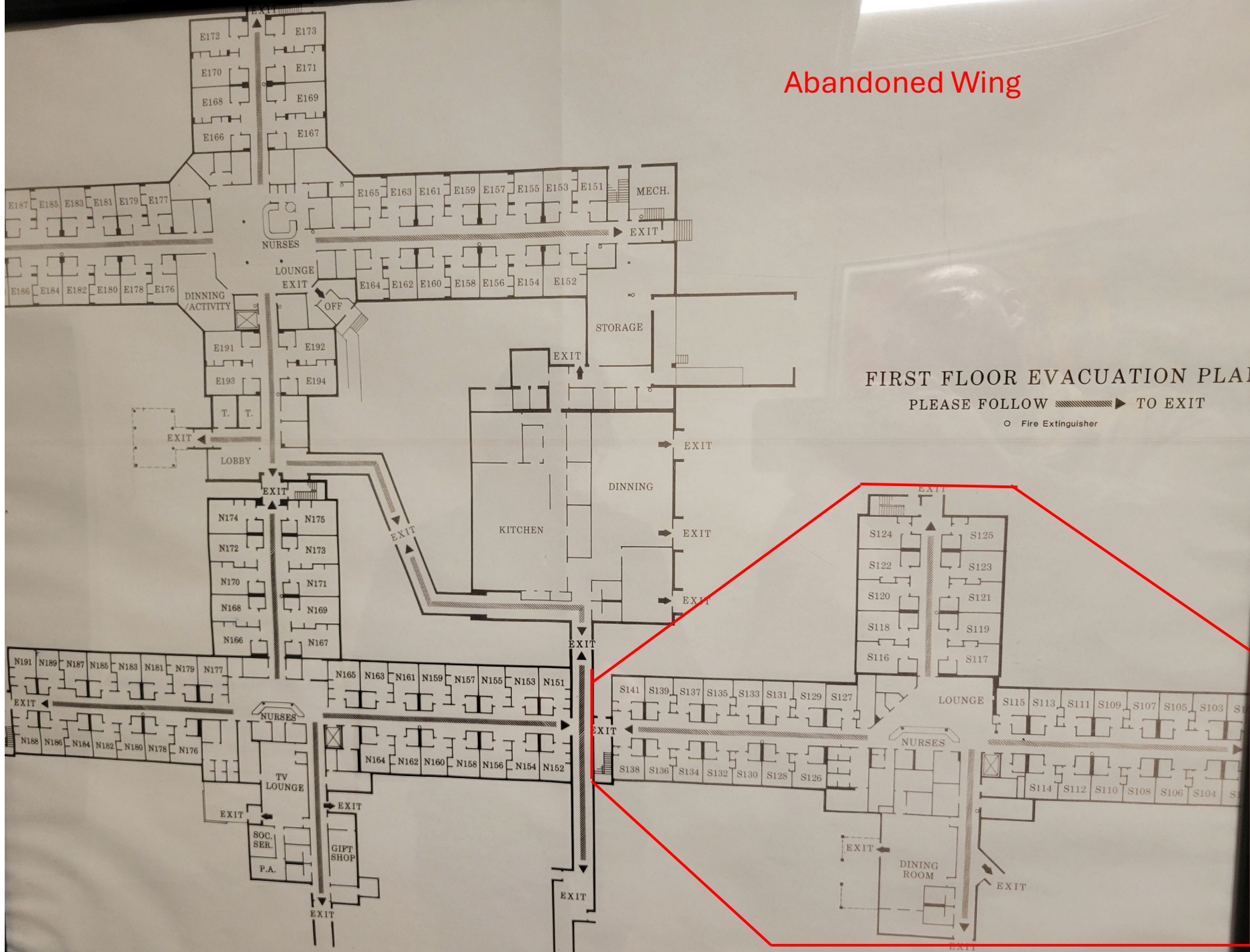
CONFIDENTIAL

SCHEDULE 8.3

FACILITY AND NUMBER OF BEDS

LESSOR/OWNER	PROPERTY LOCATION	TYPE OF BEDS	LICENSED BEDS	LESSEE
McKendree SNF Property Holdings LLC	4347 Lebanon Rd., Hermitage, TN 37090	Skilled Nursing	180	McKendree SNF Operations, LLC
McKendree SNF Property Holdings LLC	4347 Lebanon Rd., Hermitage, TN 37090	Assisted Living	90	McKendree ALF Operations, LLC
McKendree SNF Property Holdings LLC	4347 Lebanon Rd., Hermitage, TN 37090	Independent Living	275	McKendree ILF Operations, LLC
Waynesboro Property Holdings, LLC	104 J.V. Mangubat Dr., TN 38485	Skilled Nursing	109	Waynesboro SNF Operations, LLC

Abandoned Wing





Hermitage Steak House
Steak • \$\$

Budget Brakes

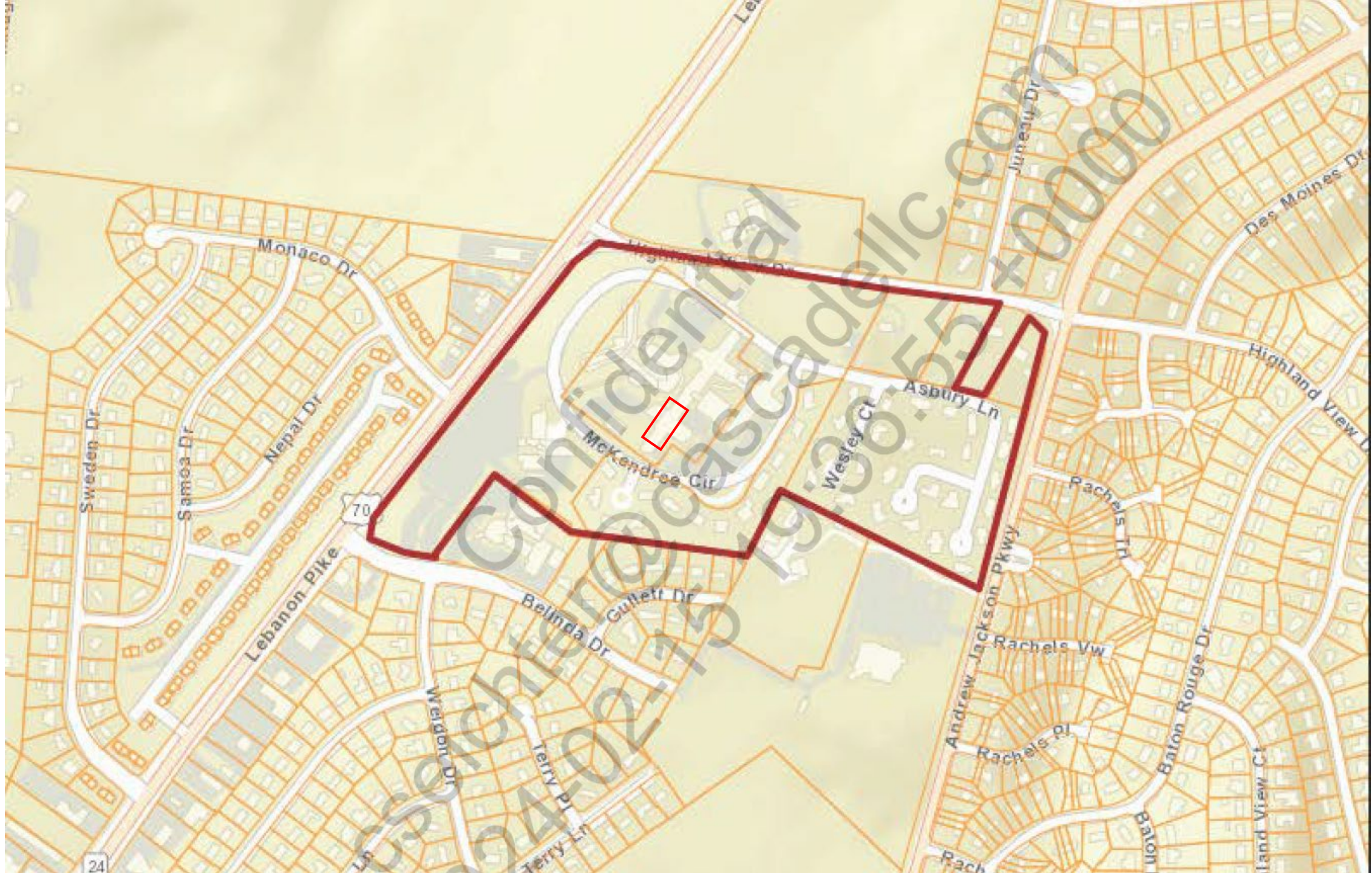
McKendree Village

Hermitage United Methodist Church

Hermitage Presbyterian Church

Google

Layers





PROPERTY MAP REFERENCE
 THIS SURVEY HAS BEEN FILED FOR RECORD IN THE PUBLIC RECORDS OF DAVIDSON COUNTY, TENNESSEE, UNDER THE NAME AND NUMBER OF THE MAP AS SHOWN ON THIS SURVEY MAP.

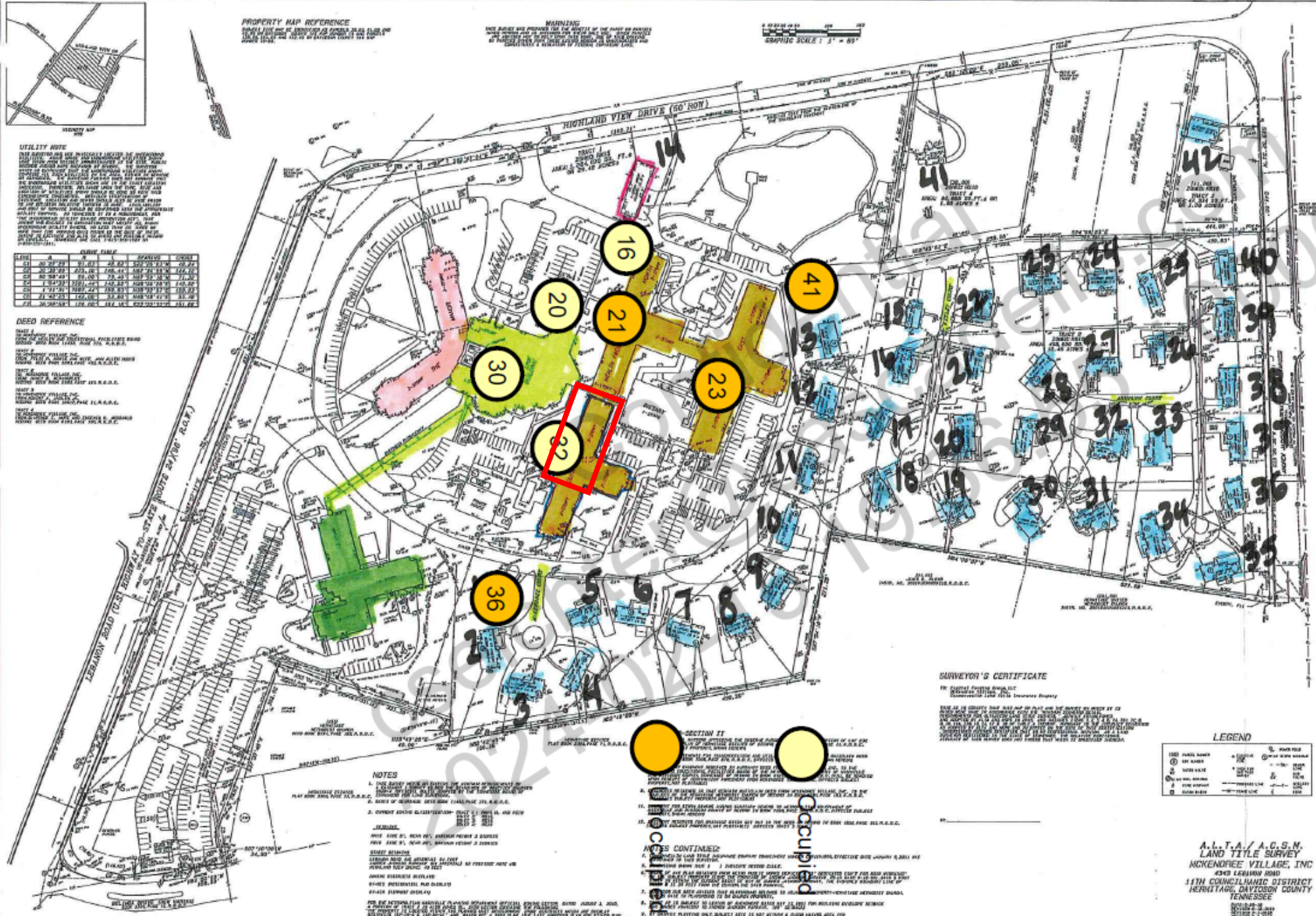
WARNING
 THIS SURVEY HAS BEEN FILED FOR RECORD IN THE PUBLIC RECORDS OF DAVIDSON COUNTY, TENNESSEE, UNDER THE NAME AND NUMBER OF THE MAP AS SHOWN ON THIS SURVEY MAP. IT IS THE RESPONSIBILITY OF THE SURVEYOR TO VERIFY THE ACCURACY OF THE INFORMATION PROVIDED ON THIS SURVEY MAP. THE SURVEYOR DOES NOT WARRANT THE ACCURACY OF THE INFORMATION PROVIDED ON THIS SURVEY MAP.

GRAPHIC SCALE: 1" = 60'

UTILITY NOTE
 THIS SURVEY HAS NOT INVESTIGATED THE LOCATION OF ANY UTILITIES. THE LOCATION OF ANY UTILITIES SHOULD BE DETERMINED BY THE OWNER OF THE PROPERTY OR BY A PROFESSIONAL ENGINEER. THE SURVEYOR DOES NOT WARRANT THE ACCURACY OF THE INFORMATION PROVIDED ON THIS SURVEY MAP.

LINE	FROM	TO	BEARING	DISTANCE	AREA	PERIMETER
1	100.00	100.00	0°00'00"	100.00	0.00	100.00
2	100.00	100.00	90°00'00"	100.00	0.00	100.00
3	100.00	100.00	0°00'00"	100.00	0.00	100.00
4	100.00	100.00	270°00'00"	100.00	0.00	100.00

DEED REFERENCE
 TRACT 1: DEED NO. 12345, PLAT 1, PAGE 1, RECORDS OF DAVIDSON COUNTY, TENNESSEE.
 TRACT 2: DEED NO. 12345, PLAT 1, PAGE 2, RECORDS OF DAVIDSON COUNTY, TENNESSEE.
 TRACT 3: DEED NO. 12345, PLAT 1, PAGE 3, RECORDS OF DAVIDSON COUNTY, TENNESSEE.



DAVIDSON COUNTY, TENNESSEE

NOTES

- THE SURVEY HAS BEEN MADE IN ACCORDANCE WITH THE SURVEYING ACTS OF THE STATE OF TENNESSEE.
- THE SURVEYOR HAS NOT INVESTIGATED THE LOCATION OF ANY UTILITIES.
- THE SURVEYOR DOES NOT WARRANT THE ACCURACY OF THE INFORMATION PROVIDED ON THIS SURVEY MAP.

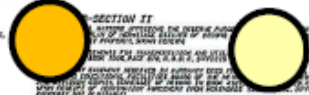
NOTES CONTINUED

- THE SURVEYOR HAS NOT INVESTIGATED THE LOCATION OF ANY UTILITIES.
- THE SURVEYOR DOES NOT WARRANT THE ACCURACY OF THE INFORMATION PROVIDED ON THIS SURVEY MAP.

SURVEYOR'S CERTIFICATE
 I, the undersigned, being a duly licensed Professional Engineer in the State of Tennessee, do hereby certify that I have personally supervised and participated in the making of the foregoing survey, and that the same is true and correct in accordance with the laws and regulations of the State of Tennessee.

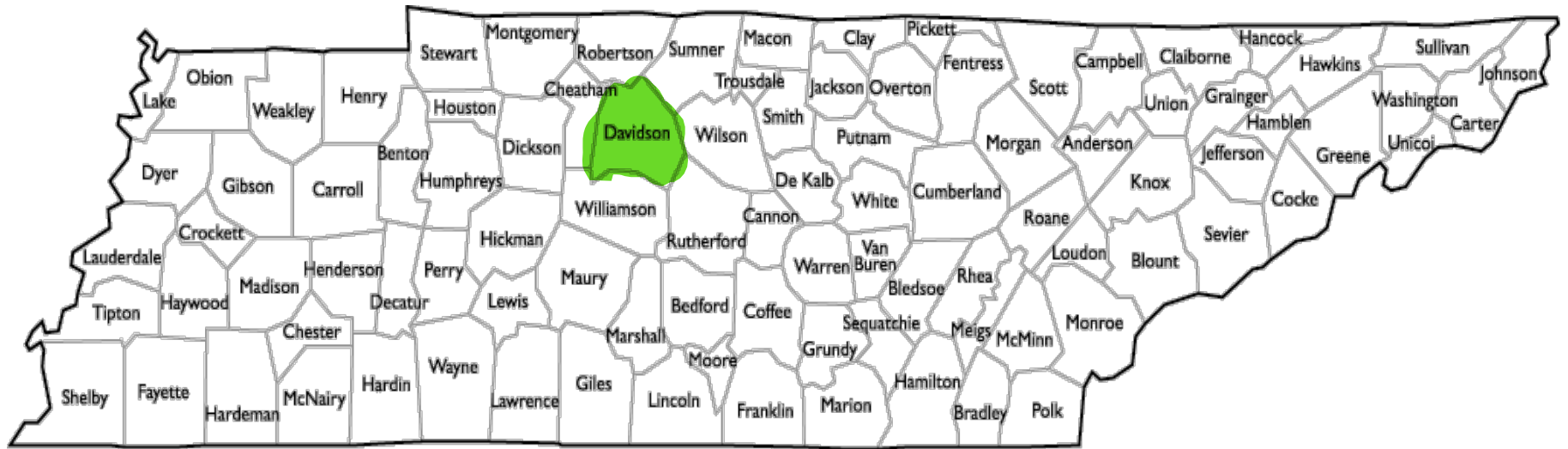
LEGEND

1. LOT NUMBER	2. LOT AREA	3. LOT PERIMETER	4. LOT BEARING
5. LOT DISTANCE	6. LOT BEARING	7. LOT DISTANCE	8. LOT BEARING
9. LOT DISTANCE	10. LOT BEARING	11. LOT DISTANCE	12. LOT BEARING



A.L.T.A. / A.C.S.M.
LAND TITLE SURVEY
 MCKENZIE VILLAGE, INC.
 4343 LARAMIE ROAD
 11TH COUNCILMANIC DISTRICT
 HERMITAGE, DAVIDSON COUNTY
 TENNESSEE

TENNESSEE COUNTY MAP



Item 3N., Demographic Information

A. Describe the demographics of the population to be served by the proposal.

RESPONSE:

The service area is Davidson County, and the target population is Age 65+. According to Department of Health statistics, Davidson County is the second most populous county in the State of Tennessee, with a current population of 727,642. From 2024 to 2026, the total population in Davidson County is projected to increase by 1.4%, and the target population is projected to increase by 4.2%. This data indicates that the service area’s target population is expected to grow by approximately 2.8% more than the total population over the next two years. These growth rates are on par with the population projections for Tennessee as a whole.

The median household income in Davidson County (\$71,863) is higher than the Tennessee median (\$64,035). However, the percentage of persons below the poverty level is higher in Davidson County (14.0%) as compared to the state as a whole (13.3%). Additionally, current TennCare data shows that there are 135,402 Medicaid enrollees in Davidson County. The applicant wishes to provide Medicaid beds in connection with this application.

Please note that the median age data provided in Attachment 3N(B) has been obtained from the U.S. Census Bureau’s American Community Survey Subject Tables because the Bureau’s Census QuickFacts no longer provide this information. Additionally, the QuickFacts do not provide the number of persons below the poverty level. To calculate these totals, the applicant used the poverty percentage and population estimate data provided on the QuickFacts website.

B. Provide the following data for each county in the service area:

RESPONSE:

Attachment 3N(B).

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau				TennCare	
	Total Population-Current Year 2024	Total Population-Projected Year 2026	Total Population-% Change	Target Population (65+) Current Year 2024	Target Population (65+) Project Year 2026	Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Davidson County	727,642	737,504	1.4%	100,647	104,859	4.2%	14.2%	34.7	\$71,863	99,727	14.0%	135,402	18.6%
Service Area Total	727,642	737,504	1.4%	100,647	104,859	4.2%	14.2%	34.7	\$71,863	99,727	14.0%	135,402	18.6%
State of TN Total	7,125,908	7,231,338	1.5%	1,324,363	1,385,401	4.6%	19.2%	38.9	\$64,035	947,823	13.3%	1,475,221	20.7%

Attachment – Bed Complement Data

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	_____	_____	_____	_____	_____	_____
2) Surgical	_____	_____	_____	_____	_____	_____
3) ICU/CCU	_____	_____	_____	_____	_____	_____
4) Obstetrical	_____	_____	_____	_____	_____	_____
5) NICU	_____	_____	_____	_____	_____	_____
6) Pediatric	_____	_____	_____	_____	_____	_____
7) Adult Psychiatric	_____	_____	_____	_____	_____	_____
8) Geriatric Psychiatric	_____	_____	_____	_____	_____	_____
9) Child/Adolescent Psychiatric	_____	_____	_____	_____	_____	_____
10) Rehabilitation	_____	_____	_____	_____	_____	_____
11) Adult Chemical Dependency	_____	_____	_____	_____	_____	_____
12) Child/Adolescent Chemical Dependency	_____	_____	_____	_____	_____	_____
13) Long-Term Care Hospital	_____	_____	_____	_____	_____	_____
14) Swing Beds	_____	_____	_____	_____	_____	_____
15) Nursing Home – SNF (Medicare only)	_____	_____	_____	_____	_____	_____
16) Nursing Home – NF (Medicaid only)	_____	_____	_____	_____	_____	_____
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	<u>180</u>	<u>155</u>	<u>30</u>	<u>0</u>	<u>0</u>	<u>210</u>
18) Nursing Home – Licensed (non-certified)	_____	_____	_____	_____	_____	_____
19) ICF/IID	_____	_____	_____	_____	_____	_____
20) Residential Hospice	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision



**State of Tennessee
Health Facilities Commission**

Andrew Jackson Building, 9th Floor

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

July 14, 2024

Wells Trompeter, Legal Counsel
Holland and Knight, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

RE: Certificate of Need Application CN2406-017
McKendree Post Acute and Rehabilitation

Dear Mrs. Trompeter:

This will acknowledge our July 12, 2024 receipt of your supplemental responses for a Certificate of Need for the addition of thirty (30) skilled care beds dually certified by Medicare and Medicaid to its existing one-hundred eighty (180) Medicare certified skilled care beds for a total of ninety (210) nursing home beds.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses electronically by 4:30 p.m., Monday July 15th. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Item 10A., Floor Plan

What is the square footage being renovated?

Response: Approximately 15,000. The total amount will be finalized after consultation with Life Safety.

2. Item 4E., Project Cost Chart

Please clarify where the revised lease costs have been submitted as referenced in the applicant's supplemental responses.

Please submit a revised copy of the main application with an updated Item 4E. Project Cost Chart which includes facility lease costs for the space associated with the 30 additional SNF beds. This must be based on the square footage and pro-rated lease costs associated with the space. Please attach a copy of [FMV calculation worksheet](#). Please confirm any change in the total project cost that results from this revision to the Project Cost Chart.

Response: The Project Cost was updated directly in the application.

3. Item 5N., Service Area Historical Utilization

It is noted that the requested data is provided in Attachment 1N. Please include the historical utilization of service area nursing homes either directly in response to Item 5N of the main application or as an Attachment labeled as Attachment 5N.

Response: The data was uploaded to the main application.

4. Item 6N., Applicant's Historical and Projected Utilization

Please provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

It is noted that the requested data is provided in Attachment 1N. Please include the historical utilization and projected utilization for the applicant's facility either directly in response to Item 6N of the main application or as an Attachment labeled as Attachment 6N.

Response: The data was uploaded to the main application.

5. Item 4C., Availability of Human Resources

Please clarify whether the applicant is currently staffing (155) beds or (180) beds?

Response: The Applicant currently has the physical components of the 180 beds set up and operational, meaning the beds and linens are ready for a patient. Certain aspects of the beds are staffed, such as dietary and janitorial. Due to the poor management of the prior Operator, the Facility is not staffed at full capacity,

so the Applicant cannot accurately attest that all 180 beds are staffed, but as described in the prior submission, plans are in place to be able to do so!

6. Item 9C., Difference in Charges

The applicant’s calculations in the supplemental response are noted. Please include a table showing this data for the applicant and other providers in the service area.

Response: Please see below chart.

2022 JAR Data			
Facility Name	Gross Operating Revenue	Utilization Data: Patient Days	Gross Charge
Signature Healthcare of Madison	\$3,950,652.00	13,310	\$296.82
Creekside Health and Rehabilitation Center	\$17,602,456.00	48,674	\$361.64
The Health Center at Richland Place	\$16,543,137.00	37,001	\$447.10
Trevecca Center for Rehabilitation and Healing, LLC	\$24,805,065.00	80,583	\$307.82
Vanco Health and Rehabilitation, Inc.	\$8,650,156.33	26,481	\$326.66
Stoneridge Health Care, LLC	\$2,981,782.00	9,716	\$306.89
Bethany Center for Rehabilitation and Healling, LLC	\$21,935,594.00	60,388	\$363.24
Good Samaritan Health and Rehab Center	\$6,943,572.00	26,066	\$266.38
AHC Cumberland	\$10,793,809.00	35,115	\$307.38
West Meade Place, LLP	\$15,446,223.00	32,735	\$471.86
NHC Place at the Trace	\$11,651,811.00	26,806	\$434.67
Grace Healthcare of Whites Creek	\$11,731,966.00	36,896	\$317.97
Lakeshore Heartland	\$5,870,209.00	20,102	\$292.02
The Meadows	\$10,855,583.00	32,327	\$335.81
Greenhills Health and Rehabilitation Center	\$12,708,759.00	36,275	\$350.34
Woodcrest at Blakeford	\$7,707,102.00	29,800	\$258.63
Life Care Center of Hickory Woods	\$10,202,965.00	23,827	\$428.21
Life Care Center of Old Hickory Village	\$11,256,452.00	32,125	\$350.40
Nashville Center for Rehabilitation and Healing, LLC	\$17,706,139.00	36,416	\$486.22
Average			\$353.16

7. Item 7Q., Compliance History

Respond to all of the following and for such occurrences, identify, explain, and provide documentation if occurred in last five (5) years.

Been subject to any of the following:

- Final Order or Judgment in a state licensure action;
- Criminal fines in cases involving a Federal or State health care offense;
- Civil monetary penalties in cases involving a Federal or State health care offense;
- Administrative monetary penalties in cases involving a Federal or State health care offense;
- Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services;
- Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or
- Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.

Response: Please note that Operator is a newly formed entity, which was created to purchase the assets of the facility from prior operator. As such, the answers to the above are “no” with respect to Operator.

Please respond to the following service specific criteria questions as an attachment labeled Attachment 1N-Supplemental #2.

8. Item 1N., Project Specific Criteria, Nursing Home Services, Item #12, Quality Control and Monitoring

It is noted that a QAPI for the applicant is attached. Please confirm whether the attached Quality Assurance and Performance Improvement program is specific to the applicant and currently in use.

Response: The QAPI provided are specific to the Applicant and are currently in place.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after initial written notification is given to the applicant by the Commission staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is September 3, 2024. If this application is not deemed complete by this date, the application will be deemed void.** Commission Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be

Mrs. Wells Trompeter
July 14, 2024
Page 5

submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the fifteenth day of the month after the application has been deemed complete by the staff of the Health Facilities Commission. Any communication regarding projects under consideration by the Health Facilities Commission shall be in accordance with T.C.A. ' 68-11-1607(d):

No communications are permitted with the members of the Commission once the Letter of Intent initiating the application process is filed with the Commission.

Communications between Commission members and Commission staff shall not be prohibited. Any communication received by a Commission member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Thomas Pitt
HFC Health Planner

Enclosure

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: The McKendree Post Acute & Rehabilitation

I, Dillon Carter, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] ADD
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 15th day of July, 20 24, witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires JULY 7th, 2025.

HF-0043

Revised 7/02

