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Stites & Harbison
J. J. J. J., Lanum & Blau
7323 E. Cat Ave PO Box 946
Jeffersonville, In 47131
Albend Morris

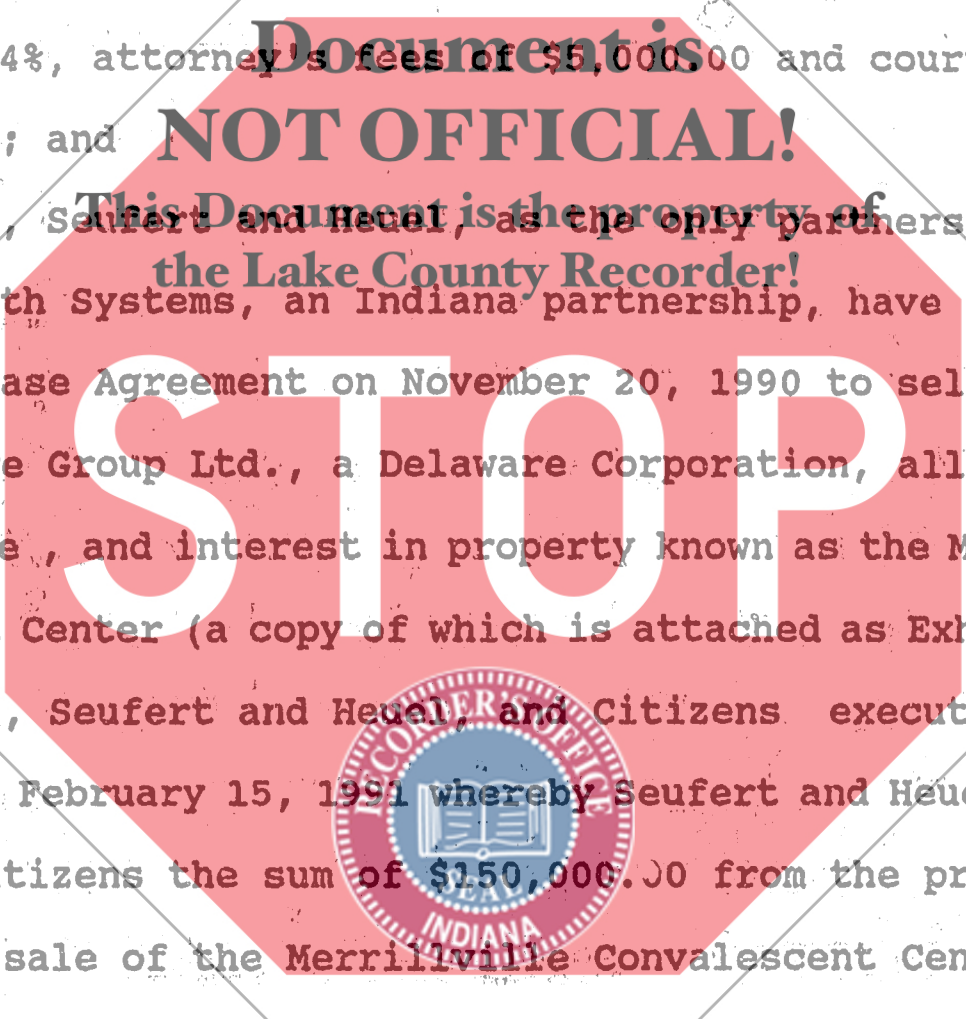
ASSIGNMENT

WHEREAS, Citizens Fidelity Bank and Trust Company Indiana, hereinafter known as "Citizens", has obtained a judgment against Wayne E. Seufert and Robert A Heuel, hereinafter "Seufert and Heuel" as well as other Defendants in the Floyd County Circuit Court in Cause No. 22C01-9011-CP-321 on January 28, 1991, in the principal sum of \$400,000.00, accrued interest to date of payment, late fee of 4%, attorney's fees of \$5,000.00 and court costs ("Judgment"); and

WHEREAS, Seufert and Heuel, as the only partners of 21st Century Health Systems, an Indiana partnership, have executed an Option Purchase Agreement on November 20, 1990 to sell to Sterling Care Group Ltd., a Delaware Corporation, all of their rights, title, and interest in property known as the Merrillville Convalescent Center (a copy of which is attached as Exhibit A); and

WHEREAS, Seufert and Heuel, and Citizens executed an agreement on February 15, 1991 whereby Seufert and Heuel agreed to assign to Citizens the sum of \$150,000.00 from the proceeds from the pending sale of the Merrillville Convalescent Center;

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, Seufert and Heuel, individually and as partners, hereby sell and Assign to Citizens the sum of \$150,000.00 from the proceeds from the pending sale of the Merrillville Convalescent Center referred to above, together with all rights and privileges and power of collection of said proceeds.



STATE OF INDIANA/S.S. NO.
LAKE COUNTY
FILED FOR RECORDING
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ROSEMARY J. REED, CLERK



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This assignment shall be for a maximum of \$150,000.00 and shall inure to the benefit of Citizens in an amount limited to the remaining balance of the Judgment due at the time of the closing of the sale of the Merrillville Convalescent Center.

Upon full payment of the Judgment this assignment shall be void and any money collected in excess of the amount necessary to satisfy the Judgment shall be paid to the Assignors upon demand.

Witness my hand this 15th day of April, 1991.

21st Century Health Systems
an Indiana Partnership

Document is NOT OFFICIAL!
This Document is the property of
the Lake County Recorder!

BY: [Signature]
Wayne E. Seufert, Partner

[Signature]
Wayne E. Seufert,
Individually

BY: [Signature]
Robert A. Heuel, Partner

[Signature]
Robert A. Heuel,
Individually

Subscribed and sworn to before me, this 15th day of March, 1991.

My Commission Expires:

August 3, 1992



[Signature]
Notary Public

PREPARED BY:

CLARY, HESS, GUILFOYLE, THOMAS
& ABBOTT

BY:

[Signature]
KENNETH R. ABBOTT
Attorney for Plaintiff
Indiana Supreme Court No. 4274-71
431 E. Court Ave., P. O. Box 1267
Jeffersonville, IN 47131-1267
Telephone: (812) 282-7524

OPTION PURCHASE AGREEMENT

THIS OPTION AGREEMENT is made this 20 day of November, 1990, between 21st Century Health Systems, Inc., an Indiana General Partnership (hereinafter referred to as the "Vendor"), and The SterlingCare Group, Ltd., a Delaware corporation (hereinafter referred to as the "Purchaser").

WHEREAS, all right, title and interest in the property known as the Merrillville Convalescent Center (hereinafter referred to as the "demised premises") was leased by the firm RWB Medical Income Properties I Limited Partnership (hereinafter referred to as "Landlord") to Harry Walsh, an individual residing in New Orleans, Indiana, pursuant to the terms of certain lease agreements dated December 17, 1985, which agreements contained a certain option and right of first refusal to purchase the demised premises; and

WHEREAS, all of the leasehold interests and operating contracts owned by Walsh, pursuant to the aforementioned leases were sold to Vendor pursuant to an agreement dated April 28, 1989, which agreement also contained the above-referenced option and right of first refusal to purchase the demised premises; and

WHEREAS, Vendor leased the demised premises to Purchaser pursuant to an agreement dated August 4, 1989; and

WHEREAS, Vendor desires to sell and Purchaser desires to purchase all of Vendor's rights, title and interest in the demised

premises, operating contracts and lease which Vendor acquired by agreement referenced above;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set out, the sum of \$5000.00 cash in hand paid (hereinafter referred to as "Option Money") and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Vendor agrees to sell and Purchaser agrees to purchase the Purchased Assets as follows:

1. PURCHASED ASSETS: The Purchased Assets are as follows:

- 1.1 Demised Premises. The demised premises are identified as certain real property, furniture, fixtures and equipment in a business entity commonly known as Merrillville Convalescent Center, a 180 bed skilled and intermediate care nursing facility located in Merrillville, Indiana, as well as a certain tract of land located adjacent to said facility, all as identified in the lease agreements dated December 17, 1985, referenced above.
- 1.2 Operating Contracts. The operating contracts are those identified or sold pursuant to a certain agreement dated April 28, 1989, referenced above.
- 1.3 Lease. The leases are identified as certain leasehold interests in the above-referenced nursing facility and adjacent tract of land which are set forth in the agreements dated April 28, 1989, referenced above.

2. OPTION: The terms of this referenced Option Purchase Agreement are as follows:

- 2.1 Option Money. If Purchaser exercises this option, the Option Money (and, as set forth hereinbelow, Additional Option Money) shall be applied to the purchase price at closing, or, if this option is not exercised, the Option Money and, if applicable as set forth hereinbelow, Additional Option Money shall be retained by Vendor.
- 2.2 Option Price. The Purchase Price shall be as follows:
- a. \$660,000.00 payable in cash at closing;

- b. Purchaser to assume or pay off a certain promissory note in favor of Old National Bank in a principal amount not to exceed \$1,360,000.00;
- c. Purchaser to deliver to Vendor at closing a promissory note in the principal amount of \$170,000.00 due and payable three years from closing, interest only at nine percent (9%) per annum payable quarterly until final payment is due;
- d. Purchaser to assume any remaining obligation on promissory note(s) from Vendor in the original, total principal amount of \$340,000.00 in favor of H. Walsh, Inc.; and
- e. Purchaser to forfeit one-half ($\frac{1}{2}$) of a \$194,000.00 prepaid rent deposit (\$97,000.00) and to be refunded one-half ($\frac{1}{2}$) of said prepaid rent deposit (\$97,000.00) at closing.
- 2.3 Term. Purchaser's right to exercise this option shall commence on the date hereof and shall continue until and including March 31, 1991 (hereinafter referred to as the "Option Period"), unless on or before March 31, 1991, Purchase pays the additional sum of \$5000.00 (hereinafter referred to as "Additional Option Money") to extend the Option Period to May 31, 1991 (hereinafter referred to as "Extended Option Period").
- 2.4 Exercise. This option shall be exercised by purchaser's written notice to Vendor of its election to purchase (A) actually served upon the Vendor or (B) placed in an envelope directed to the Vendor at the address of the Vendor shown below and deposited in the United States Mail by certified or registered mail, return receipt requested, postage prepaid, prior to the expiration of the Option Period or Extended Option Period as the case may be.
- 2.5 Closing. The transaction shall be closed within sixty (60) days after Purchaser exercises this Option. In the event Purchaser, subsequent to exercise, shall fail to close, then, in such event, the Option Money (and Additional Option Money, if paid) shall be forfeited, which shall be Vendor's sole remedy at law or in equity.
- 2.6 Payment on Closing. On closing this transaction, Purchaser shall pay in cash to Vendor the Purchase Price less the Option Money and Additional Option Money previously paid to Vendor for the granting of this Option.

3. CONDITIONS OF PURCHASE: Prior to the exercise of this Option Purchaser shall conduct such inquiry and investigation as it deems appropriate in the exercise of due diligence. Upon exercise, all conditions shall be deemed to be either satisfied or waived. Purchaser shall have access to the demised premises and other Purchased Assets to:

3.1 Conduct any reasonable test or examination.

3.2 Satisfy itself that all improvements on the demised premises are located entirely within the bounds of the demised premises and that there are no encroachments thereon and no existing violations of zoning ordinances or other restrictions applicable to the demised premises.

3.3 Satisfy itself that Purchaser shall receive a satisfactory survey of the demised premises, to be ordered by Purchaser, certified as of a current date, showing the location of all improvements and easements located thereon. This Document is the property of the Lake County Recorder!

4. TIME OF THE ESSENCE: With respect to all times and dates specified herein it is clearly understood and agreed by and between the parties that time is of the essence.

5. ASSIGNMENT: It is understood and agreed that Purchaser may assign its rights in this Option Agreement prior to closing.

6. BINDING EFFECT: This Option Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal representatives and assigns of the parties hereto.

7. NON-RECORDABILITY: This Option Agreement shall not be recorded.

8. DATE: This Option Agreement shall be effective as of the date set forth hereinabove, which shall be the date on which the last signature is affixed hereto.



"PURCHASER"

"VENDOR"

THE STERLINGCARE GROUP, LTD.,
A Delaware Corporation

21st Century Health Systems,
an Indiana General
Partnership

By: C. P. Porter

By: [Signature]
Partner

Its: PROSIDENT

By: [Signature]
Partner

The Marketplace
12910 Shelbyville Road
Suite 310
Louisville, KY 40243

Address:
c/o Kenneth R. Abbott, Esq.
The Professional Building
431 East Court Avenue
P.O. Box 1267
Jeffersonville, Indiana 47131-1267

