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LEASE AGREEMENT

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THIS LEASE AGREEMENT is made and entered into this 30th day of June, 1993, by and between Nationwide Care, Inc., herein referred to as the "TENANT", and Health Quest Realty VII, an Indiana limited partnership, of 315 W. Jefferson Blvd., South Bend, IN 46601, herein referred to as the "LANDLORD".

WHEREAS, the LANDLORD owns a 150-bed nursing home (operated under the name "Regency Place") located at 2300 Great Lakes Dr., Dyer, IN (the "Facility").

WHEREAS, the TENANT is in the business of operating and managing nursing homes.

WHEREAS, the LANDLORD desires to lease to the TENANT, and the TENANT desires to lease from the LANDLORD, the Facility.

THEREFORE, in consideration of the premises, covenants, representations, warranties and agreements set forth herein, the sufficiency of which is acknowledged by the LANDLORD and the TENANT, the parties mutually covenant and agree as follows:



1. DEFINITIONS AND INTERPRETATIONS

For the purposes of this Lease Agreement and the Exhibits attached hereto, the following words and phrases shall have the meaning set forth below:

1.1 "Additional Rent" shall mean amounts payable by TENANT pursuant to this Lease other than Net Rent and the Security Deposit described in Section 56.

1.2 "Agreement To Lease" means the Agreement To Lease And For Management Services executed on June 14, 1993 by and between TENANT, LANDLORD, LANDLORD's affiliates, the prior lessees of the Facility and the Other Facilities, and others. All definitions in the Agreement To Lease of terms not otherwise defined herein are incorporated by reference herein.

1.3 "Commencement Date" means the first day of the first month after the Lease Date has occurred with respect to the Facility and each of the Other Facilities, as described in the Agreement To Lease.

1.4 "Date of Possession" means July 1, 1993, at 12:01 a.m.

1.5 The "Default Rate" shall mean the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its "Base Rate", plus three percent (3%) per annum.

1.6 "Facility Equipment" means all tangible personal property, other than Supplies, owned by LANDLORD and located at the Facility as of July 1, 1993, and used by the Facility Staff for the operation of the Facility.

STATE OF INDIANA, S.H.O.
LAKE COUNTY
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Facility Equipment shall include, but shall not be limited to, the following: nursing equipment, food service preparation and distribution equipment, housekeeping equipment, any motor vehicles used in the operation of the Facility, maintenance equipment, and activities equipment. Facility Equipment shall not include medication carts, equipment used for rehabilitative therapy (physical therapy, occupational therapy, and speech therapy) or respiratory therapy (including oxygen tanks), computer equipment (whether or not located at the Facility) and computer software.

1.7 "Lease" or "Lease Agreement" means this Lease Agreement.

1.8 "Lease Date" means the date on which TENANT receives a license to operate the Facility from the Indiana State Board of Health.

1.9 "Lease Period" or "Lease Term" means the period beginning on the Lease Date and terminating at the end of the Scheduled Lease Term or upon earlier termination of this Lease as authorized herein.

1.10 "Lease Term" means the period beginning on the Lease Date and ending upon the termination of this Lease.

1.11 "Leased Property" shall mean the Leased Premises, Facility Equipment, Supplies, and any other property delivery by LANDLORD to TENANT pursuant to this Lease and the Agreement to Lease.

1.12 "Medicaid" means the state administered but partially federally-funded program for the reimbursement of certain health care costs established pursuant to Title XIX of the Federal Social Security Act, and its successor federal or state reimbursement programs.

1.13 "Medicare" means the federal health care cost reimbursement program established by Title XVIII of the Federal Social Security Act, and its successor federal or state reimbursement programs.

1.14 "Mortgage" means any real estate mortgage, promissory note(s), trust indenture(s), loan agreement(s) or regulatory agreement(s) that relate(s) to or constitute(s) a lien or liens upon the Leased Premises.

1.15 "Mortgagee" shall mean any mortgagee or trustee pursuant to any deed of trust or indenture of any Mortgage affecting the Leased Premises.

1.16 "Net Rent" shall mean the per diem per bed rent set forth in Section 6.1, including the Initial Rent as described therein and the amount resulting from adjustment thereof as described in Section 6.3.

1.17 "Other Leases" shall mean those leases of even date herewith between TENANT and LANDLORD or LANDLORD's affiliates for the Facilities located within the State of Indiana all as set forth in the Leased Facilities Summary attached as Exhibit A hereto.

1.18 "Possession Period" means the period commencing on the Date of Possession and ending on the Return Date.

1.19 "Premises" or "Leased Premises" means the real estate upon which the Facility is located and all easements, rights, and appurtenances attached thereto ("Real Estate"), the building and accessory buildings, if

any, located on the Real Estate, and all fixtures attached to the Real Estate, building or accessory buildings, including, without limitations, all mechanical fixtures, electrical fixtures, plumbing fixtures, heating and cooling fixtures and kitchen fixtures, and all landscaping, lawn, trees and shrubs. Exhibit B sets forth the legal description and common street address for the Premises and the Facility.

1.20 "Repossession Date" means a date upon which LANDLORD or LANDLORD's nominee takes possession of the Facility, pursuant to Section 23.1G, without terminating this Lease.

1.21 "Return Date" means a date, whether during or after the Scheduled Lease Term, upon which LANDLORD or LANDLORD's nominee takes possession of the Facility, with or without termination of this Lease.

1.22 "Scheduled Lease Term" means the period beginning on the Commencement Date and ending on the tenth anniversary of the Commencement Date.

1.23 "State" means the State of Indiana.

1.24 "Supplies" means new or used tangible personal property used by the Facility staff in the operation of the Facility which in the normal course of business will be consumed by the Facility staff or residents of the Facility within twelve (12) months thereafter. Supplies shall include, but shall not be limited to, the following: linens, dishes, foodstuffs, nursing supplies, housekeeping supplies, maintenance supplies and activity supplies. Supplies shall not include medication carts, equipment used for rehabilitative therapy (physical therapy, occupational therapy, and speech therapy), or respiratory therapy (including oxygen tanks), computer equipment (whether or not located at the Facility) and computer software.

1.25 For purposes of this Lease Agreement, the singular shall include the plural and the plural shall include the singular, any gender shall include the other gender; headings are for convenience only, and shall not affect the interpretation of this Lease Agreement. Also for purposes of convenience only, the textual portion of this Lease Agreement sets forth the definition of certain terms, and said terms shall have the meaning therein defined for purposes of this Lease Agreement.

2: GRANT OF LEASE

2.1 Subject to the terms, conditions, representations, warranties, covenants and agreements set forth herein, the LANDLORD hereby demises and leases to the TENANT, and the TENANT hereby leases and takes from the LANDLORD, the Leased Property. The TENANT shall have and hold the Leased Property for the term of years set forth herein, unless said term shall be sooner ended and terminated or extended under the terms and provisions of this Lease Agreement.

2.2 The LANDLORD represents and warrants to the TENANT that the Leased Property constitutes all the real and personal property (excluding intangible personal property and items specifically excluded by the definition of Facility Equipment) presently being utilized in the operation of the Facility, except that this warranty and representation shall not

apply to personal property and equipment located at the home office of the current tenant of the facility.

3. LEASE TERM

The term of this Lease Agreement shall commence on the Lease Date, and shall expire at the end of the Scheduled Lease Term unless sooner extended or terminated pursuant hereto, or pursuant to the Agreement To Lease. The Commencement Date shall be acknowledged in writing by the parties in the form of Exhibit D attached hereto.

4. POSSESSION AND USE OF PROPERTY

4.1 Possession of the Leased Property shall be delivered to the TENANT on the Date of Possession, subject to continuation of the Lucas Leases as described in the Agreement To Lease. The TENANT agrees that the Leased Property shall be used solely for the purpose of operating and maintaining the Facility, or related health care and business offices and space, and for no other purposes whatsoever, without the express written consent of LANDLORD. The Leased Property shall be used in a careful, safe and proper manner; no nuisance, trade or occupation which is known in insurance as "extra or especially hazardous" shall be permitted; no waste shall be committed or permitted.

4.2 The TENANT shall not do or permit to be done any act or thing upon the Leased Premises which will invalidate or be in conflict with any fire or hazard insurance policies or increase the rate for fire or hazard insurance covering the Leased Property. The TENANT shall not do or permit to be done any act or thing upon the Leased Premises which shall or might subject the LANDLORD to any liability or responsibility for injury to any person or persons or to property, by reason of said acts being carried on in the Leased Premises.

4.3 The LANDLORD represents and warrants to the TENANT that the Facility is presently being operated in substantial conformity with the requirements of all Mortgages that affect the Leased Property and all provisions of applicable insurance policies on the Leased Property. The LANDLORD further represents and warrants to TENANT that, to the best of LANDLORD's knowledge, there are no latent structural defects in the Leased Premises.

4.4 At such time as the TENANT takes possession of the Leased Property, the TENANT shall be thoroughly familiar with the condition and state of repair thereof. The TENANT, by its acceptance thereof, acknowledges that the LANDLORD shall not be required, except as specifically set forth herein, to make any repairs or improvements upon the Leased Premises or Facility, Equipment during the term of this Lease, or pay for such repairs or improvements, except for any repairs resulting from latent structural defects, if any, in the Leased Premises. "Latent" refers to a defect which could not be detected by a qualified person during an inspection of the Leased Premises thirty (30) days prior to the date hereof. "Structural" refers to the weight-bearing components of the Leased Premises, including the foundation, walls, trusses, and support beams; "structural" shall not include roofing except insofar as roof repairs may be necessitated by the

insufficiency of weight-bearing components of the Leased Premises. LANDLORD's liability hereunder with respect to "latent structural defects," shall include any liability arising with respect to the underground storage tank located on the Real Estate, unless such liability results from actions of TENANT or TENANT's agents or employees.

4.5 Nothing set forth in this Lease Agreement shall be construed as a warranty by the LANDLORD that the Facility Equipment shall continue in working order after the Date of Possession, nor shall anything set forth herein be construed as a warranty as to the condition of the Facility Equipment or Supplies on the Date of Possession.

4.6 The LANDLORD makes no warranty of merchantability or fitness of the Leased Premises, Facility Equipment or Supplies for any purpose, and the TENANT agrees that as of the Date of Possession, with the exception of any breach of the LANDLORD's representations and warranties contained in this Lease Agreement and latent structural effects as provided above, the TENANT shall be deemed to have accepted the Leased Premises, Facility Equipment and Supplies "as is" and with any and all "faults". Neither the LANDLORD nor its agents have made any representations with respect to the Leased Premises, the Facility Equipment or the Supplies, except as expressly set forth in this Lease Agreement. No rights, easements or licenses shall be acquired by the TENANT by implication in fact or in law, or otherwise, except as expressly set forth in this Lease Agreement.

4.7 The LANDLORD warrants that the Facility can be lawfully operated as a nursing home and has received all necessary "health planning" approval to qualify as a provider under the Medicaid and Medicare programs. TENANT shall have, during the Lease Term, the right to the use of such health planning approval for the operation of the Facility, but shall not have the right to use such health planning approval for any other purpose.

5. UNLAWFUL USE

The TENANT shall not conduct, permit or continue on the Leased Premises any business which is contrary to or in violation of any applicable law, ordinance, code or regulation, including Medicare and Medicaid regulations and Indiana law relating to health planning. The TENANT will keep the Facility in a clean and orderly condition, and agrees to comply with all health and sanitary regulations of appropriate governmental agencies.

6. RENT

6.1 The TENANT shall pay to the LANDLORD, during the initial year of the Lease Term, per diem rent in the sum of Thirteen Dollars (\$13.00) per bed per day (based on the number of actual days in each month and the number of beds set forth in the recitals hereto, regardless of any reduction in the number of beds as a result of voluntary action by TENANT, but subject to reduction in the event of casualty loss as described in Section 18, partial condemnation as described in Section 19, or pursuant to government action as described in Section 50), payable monthly in advance on the first day of each month (the sum of \$13.00 per bed per day is herein referred to hereafter as the "Initial Rent"). The Initial Rent, and amounts resulting from adjustment as described in Section 6.3, is herein referred to as the

"Net Rent". The first installment of Net Rent, adjusted pro rata to cover the period from the Lease Date until the end of the month in which the Lease Date occurs, shall be payable on the day after the Lease Date, unless the Net Rent for such period has already been paid prior to the Lease Date in accordance with the Agreement To Lease. If the TENANT fails to pay any installment of Net Rent on or before the date said payment is due, or within five (5) days thereafter, then, in addition to the amount of Net Rent due and owing, the TENANT shall pay the LANDLORD a late charge equal five (5%) percent of the installment so overdue, plus interest of 0.1% per day until payment is made in full. If TENANT's failure to pay such Net Rent extends until more than fifteen (15) days after the date such payment was due, this Lease may, at LANDLORD's discretion, be terminated pursuant to Section 23.1A. Net Rent shall be in addition to and shall not be offset by. Additional Rent paid by TENANT to LANDLORD pursuant to this lease.

6.2 All payments of Net Rent, and all other amounts payable by the TENANT to the LANDLORD pursuant to any other provision of this Lease Agreement, shall be paid to the LANDLORD at the address specified or furnished pursuant to Section 25 hereof, and all of said payments shall be made by wire transfer according to instructions provided by the LANDLORD to the TENANT.

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6.3 The Net Rent shall be adjusted effective on each anniversary of the Commencement Date (each such anniversary date is referred to hereafter as an "Adjustment Date"). The annual adjustment effective each Adjustment Date shall be based on the Consumer Price Index for Urban Consumers, North Central Region (1982=84 = 100) (the "Index") as published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"). The Index value published for the month beginning two months prior to the Commencement Date (e.g., if the Commencement Date is August 1, 1993, the month of June, 1993) shall be the base Index number ("BIN"). The index value for the same month of each succeeding year shall be the current Index number ("CIN"). For each adjustment, the CIN divided by the BIN shall be the Adjustment Factor. Effective on each Adjustment Date, the Net Rent shall be computed by multiplying the Net Rent in effect prior to such Adjustment Date by the Adjustment Factor. In the event that the Index is no longer published at the time of an Adjustment Date, the parties shall use the most similar index then published; if the parties cannot agree as to which index is most similar, the matter shall be resolved by arbitration as set forth in Section 55. The parties acknowledge that the month selected for purposes of rent adjustment calculations has been selected with the intention that the rent adjustment effective on each Adjustment Date should be calculable prior to such Adjustment Date. If the CIN is not available from the BLS at least seven business days prior to the Adjustment Date, and TENANT, on the Adjustment Date, pays the Net Rent in effect prior to the Adjustment Date, TENANT shall not be liable for any late charge or interest due to failure to pay, on the Adjustment Date, the difference (the "Rent Adjustment") between the Net Rent in effect prior to the Adjustment Date and the Net Rent ultimately determined to take effect on the Adjustment Date; however, TENANT shall pay the Rent Adjustment retroactive to the Adjustment Date within seven (7) business days after the CIN is available from the BLS and TENANT receives notice from LANDLORD thereof as specified in Section 25.

7. MORTGAGE OR MORTGAGES

7.1 The LANDLORD and the TENANT acknowledge that the Leased Premises are encumbered by one or more Mortgages.

7.2 During the term of this Lease Agreement, and any extension thereof, the LANDLORD shall make all Mortgage payments directly to the Mortgagee for every Mortgage. The LANDLORD shall pay directly to the Mortgagee that part of the Mortgage payment that represents a payment of principal or interest on the promissory note secured by said Mortgage, as well as any amounts required to be escrowed for payment of insurance and taxes, but the responsibility for escrow amounts shall be TENANT's. The TENANT shall pay directly to the LANDLORD that part of the mortgage payment that constitutes the amount required to be paid under any Mortgage to be held in escrow for the purpose of paying property taxes and insurance; provided, however, that any amount paid by TENANT which exceeds the amount actually applied to the payment of taxes or insurance shall be held in escrow by LANDLORD for the benefit of TENANT and refunded to TENANT at such time as LANDLORD receives any refund of funds held by the Mortgagee, or, if sooner, within thirty (30) days after the end of the Lease Term. For so long as the TENANT is not in default of its obligations under this Lease Agreement, the LANDLORD agrees to act in a punctual manner with respect to its obligations under the aforesaid Mortgage(s). The termination of LANDLORD's duty to TENANT to make Mortgage Payments subsequent to default by TENANT, shall not relieve LANDLORD from its obligation to mitigate damages. The TENANT and the LANDLORD each shall have the right, after ten (10) days prior written notice to the other party and such other party's failure to properly cure any default within said period (including any default by LANDLORD in Mortgage payments) to cure any such default, and the defaulting party shall immediately reimburse the curing party for any costs or expenses incurred in this regard, plus interest thereon at the Default Rate, from the date of payment by the curing party until the date of payment by the defaulting party. If the curing party is the TENANT, TENANT may, at its option, offset the said costs and expenses against the payments of Net Rent next coming due. The parties will use their best efforts to cause all Mortgagees to execute non-disturbance and attornment agreements protecting TENANT's right to occupy the Leased Premises subject to compliance with TENANT's obligations under this lease.

8. NET RENT

Except for the payments of principal and interest required under the Mortgage(s) as referred to in Section 7 herein, it is the purpose and intent of the LANDLORD and the TENANT that the Net Rent payable hereunder shall be absolutely net to the LANDLORD, so that this Lease Agreement shall yield to the LANDLORD the Net Rent specified herein in each year during the entire term of this Lease Agreement, as extended, free of any charges, assessments, or Taxes of any kind, assessed or imposed against the Leased Premises and Facility Equipment, and without further abatement, deduction or set-off by the TENANT. The LANDLORD shall not be expected or required under this Lease to pay any such charge, assessment, or Tax, or be under any obligation or liability hereunder except as herein expressly set forth. All costs, expenses and obligations of any kind and nature whatsoever relating to the Facility, the Facility Equipment or this Lease Agreement shall be paid and

performed by the TENANT and the TENANT shall indemnify and hold LANDLORD harmless from any and all such costs, expenses and obligations.

9. TAXES AND OTHER CHARGES

9.1 The TENANT shall be responsible for payment of all real and personal property taxes, governmental charges and assessments, water and sewer rents, rates and charges, charges for public utilities, excises and levies, license and permit fees, and other governmental charges, special or general, foreseen or unforeseen (hereinafter referred to as "Tax" or "Taxes"), which shall be assessed, levied, or imposed upon the Leased Property or any part thereof by any federal, state, municipal, or other governmental authority after the Date of Possession and prior to the end of the Lease Term. TENANT shall not be responsible for payment of any Tax accrued as of the Date of Possession; LANDLORD shall be responsible for such amounts.

9.2 Notwithstanding anything to the contrary set forth in this Lease, the TENANT shall not be required to pay any franchise, estate, inheritance, succession, excise, corporate capital levy, capital gains or transfer Tax of the LANDLORD, or any income or excess profits tax, or any Tax which is in fact personal to LANDLORD.

9.3 Except as may be provided in Section 7.2 hereof, if by law any Tax is payable, or may at the option of the taxpayer be paid, in installments, TENANT, whether or not interest shall accrue on the unpaid balance thereof, may pay the same, and any accrued interest or any unpaid balance thereof, in installments as each installment becomes due and payable, but in any event before any fine, penalty, interest or cost may be added thereto for nonpayment of any installment or interest.

9.4 Any Tax relating to a fiscal period of the taxing authority, a part of which falls after the Date of Possession and prior to the end of the Lease Term, and a part of which is either prior or subsequent thereto, whether or not such Tax shall be assessed, levied, imposed or become a lien upon the Leased Property, or shall become payable during the term of this Lease Agreement, shall be apportioned and adjusted between LANDLORD and TENANT on a pro rata basis. If LANDLORD fails to pay any Tax for which it is responsible, TENANT may pay such amount and apply such amount as a credit against Net Rent otherwise due.

9.5 TENANT shall have the right to contest or review the amount or validity of any Tax by appropriate administrative or legal proceedings (but the provision of this right is not to be deemed or construed in any way as relieving, modifying or extending TENANT's covenant to pay any such Tax at the time and in the manner as in this subsection provided); provided, however, that if such contested Tax is not paid beforehand, and the said administrative or legal proceedings shall not operate to suspend the enforcement of the collection of the Tax so contested, and shall not prevent the sale of the Leased Premises or any part thereof to satisfy the same, then before instituting any such proceedings, TENANT shall furnish to LANDLORD a cash deposit, letter of credit, or other security reasonably satisfactory to LANDLORD, as security for the payment of such Tax in an amount sufficient to pay the same, together with all interest and penalties in connection therewith and all charges that may or might be assessed

against or be charges on the Leased Property or any part thereof in said administrative or legal proceedings.

9.6 Any contest as to the validity or amount of any Tax, or as to the assessed valuation upon which such Tax was computed or based, whether before or after payment, may be made by TENANT in the name of LANDLORD or of TENANT, or both, as TENANT shall determine. LANDLORD agrees that it will, at TENANT's expense, cooperate with TENANT in any such contest to such extent as TENANT may reasonably request; it being understood, however, that LANDLORD shall not be subject to any liability for the payment of any costs or expenses in connection with any proceeding brought by TENANT, and TENANT covenants to indemnify and save harmless LANDLORD from any such costs or expenses. TENANT shall be entitled to any refund of any such Tax and penalties or interest thereon which have been paid by TENANT, or which have been paid by LANDLORD and reimbursed to LANDLORD by TENANT.

9.7 Subject to Section 9.1, if Tax payments are required to be made in escrow under the terms of any Mortgage, TENANT shall pay LANDLORD the escrow amount on the date that such escrow payment is due to the Mortgagee. If no escrow requirement is applicable, TENANT shall reimburse LANDLORD for all Taxes advanced by LANDLORD within fourteen (14) days after receipt by TENANT of notice of the amount advanced and documentation of such payment having been made by LANDLORD to the tax authority. LANDLORD may, at its option, require TENANT to pay personal property taxes (and file personal property tax returns) directly to the taxing authority.

10: INSURANCE

10.1 Subject to the terms of the Mortgage(s) in existence on the Date of Possession, which both parties acknowledge may contain requirements regarding insurance and the application of insurance proceeds (which requirements shall take precedence over the terms set forth in this Section 10), at all times from the Date of Possession until the end of the Lease Term, at its own cost and expense, the TENANT shall be responsible for the cost of keeping all buildings and improvements now existing or hereafter erected as a part of the Leased Premises, and all Facility Equipment leased hereunder, including all alterations, rebuildings, replacements and additions thereto, insured against loss or damage by fire, windstorm, hail, explosion, damages from aircraft or vehicles and such other hazards, casualties, risks and contingencies as are from time to time included within the "all risks" form of fire insurance policy with extended coverage endorsement, in an amount at least equal to ninety percent (90%) of the full replacement value thereof. The term "full replacement value" shall mean actual replacement cost, without regard to depreciation.

10.2 At all times from the Date of Possession until the end of the Lease Term, at its sole cost and expense (but for the mutual benefit of the LANDLORD and the TENANT) and as additional rental, TENANT shall provide and keep in force single limit comprehensive general liability insurance policies, in form and with companies reasonably satisfactory to LANDLORD, naming LANDLORD and any Mortgagee of the Leased Premises as additional insureds, protecting LANDLORD, tenant and any such Mortgagee against any and all liability for bodily injury, death or property damage on, in, or about the Leased Premises, including adjoining drives, parking lots, walks and streets, in the amount of not less than One Million Dollars (\$1,000,000).

general liability coverage plus One Million Dollars (\$1,000,000) professional liability coverage per incident and Three Million Dollars (\$3,000,000) aggregate, with automobile liability insurance coverage of One Million Dollars (\$1,000,000), workers compensation insurance as required by law, and umbrella coverage of Six Million Dollars (\$6,000,000) applicable to general liability, professional liability, auto, and workers compensation insurance. All such liability policies shall cover the entire Leased Property, including elevators, escalators, steam boilers and such other apparatus as LANDLORD may reasonably require, as well as parking and common areas therein, and streets and sidewalks adjacent thereto. The amounts of required liability coverage specified above may be modified from time to time, at the request of either party, so as to continue to reflect commercially reasonable amounts.

10.3 The TENANT does hereby agree to indemnify, protect and hold harmless the LANDLORD from any and all costs, expenses, losses, injuries, indemnities, claims or damages, including reasonable attorneys' fees, resulting from or arising out of the ownership, use, occupancy, operation or existence of the Leased Premises after the Date of Possession and prior to the end of the Lease Term.

10.4 All such insurance to be provided by TENANT under this section shall name as insureds the LANDLORD, TENANT and the Mortgagee(s) of LANDLORD, as their respective interests may appear. All policies of insurance required under Section 10.1 hereof shall also be payable, under a standard mortgagee clause, to the holder of the existing or any new mortgage, as their interests may appear. No such insurance shall allow for the reduction of any payment by reason of any other insurance policy unless such other policy is specifically named, a copy thereof is provided to LANDLORD, and LANDLORD and the Mortgagee are named therein as insureds as their interests may appear.

10.5 All of the policies of insurance which TENANT is to provide pursuant to this Lease shall be in form and substance as is then standard in the State for policies of like coverage and shall be distributed in such amounts, and with such responsible companies as TENANT shall determine, subject to the written approval of LANDLORD. The original policies, or in the case of blanket insurance, certificates or other evidence reasonably satisfactory to LANDLORD and the Mortgagee(s), shall be delivered to the LANDLORD and shall bear endorsements showing the receipt by the respective insurance companies of the premiums thereon, or shall be accompanied by other evidence of payment of such premiums to the insurance companies. All insurance policies shall be renewed by TENANT and proof of such renewals delivered to LANDLORD, at least ten (10) days prior to their respective expiration dates. All such policies shall provide that they may not be cancelled by the insurer for nonpayment of premiums or otherwise until at least thirty (30) days after service upon LANDLORD and Mortgagee(s) of notice of the proposed cancellation, and in any event that such policies shall not be invalidated, without thirty (30) days prior written notice to LANDLORD and the Mortgagee(s), by any act or omission of TENANT or any occupant of the Leased Premises, or by any other act which might otherwise result in a forfeiture of such insurance.

10.6 In the event that the TENANT fails to obtain and maintain insurance as required in this Section 10, after ten (10) days prior written notice by LANDLORD to TENANT, the LANDLORD or the Mortgagee may effect any

such insurance coverage and pay premiums thereon, and all premiums so paid shall be deemed additional rental hereunder and payable by TENANT to LANDLORD or Mortgagee upon the next due date of Net Rent hereunder and in accordance with the provisions of this agreement.

10.7 The foregoing insurance provisions shall not limit or modify any of the obligations of TENANT under any of the provisions of this Lease, except as provided in Section 18, to restore the Leased Premises or to replace any Facility Equipment.

10.8 To the extent of the amount of insurance proceeds actually received in regard to any insured event, the LANDLORD and TENANT and all parties claiming under them hereby mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard actually covered by insurance on the Leased Premises, or actually covered by insurance in connection with property on, or activities conducted on, the Leased Premises, regardless of the cause of damage or loss. This provision shall only be effective so long as the applicable insurance policies contain a clause to the effect that this release shall not affect the right of the insured to recover thereunder. Such clauses shall be obtained by the TENANT or LANDLORD, whenever possible, in all policies of insurance obtained pursuant to this Section 10.

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11. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

11.1 The TENANT will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Leased Premises or any part thereof. In particular and without limiting the generality of the foregoing, the TENANT will maintain and continue in force at all times all permits, licenses and other governmental approvals now or hereafter required in connection with the construction or operation of the Leased Premises, including, but not limited to, the following: a license for the operation of the facility issued by the Indiana State Board of Health or any successor department pursuant to Indiana Code 16-10-4-1 et seq., or any law in replacement thereof; applicable approvals and certifications of the United States Department of Health and Human Services, or any successor department, and any other agency required as a prerequisite to Medicare, Medicaid and similar program reimbursements under the federal Social Security Act, or any successor act; and all required business licenses, whether federal, state or local. The TENANT may contest such law without compliance, at the TENANT's sole expense, after prior or concurrent written notice to LANDLORD, by appropriate administrative or legal proceedings conducted in good faith and with due diligence, the validity or application, in whole or in part, of any such law, ordinance, rule or regulation, provided that (a) such proceedings shall have the effect of suspending the enforcement of any such law, ordinance, rule or regulation, (b) neither the Leased Premises, nor any part thereof, nor the operation thereof, nor any license, permit or approval relating thereto shall be in danger of being lost or interfered with, and (c) neither TENANT nor LANDLORD shall be in any danger of any criminal liability for failure to comply therewith and no part of the Leased Premises shall be subject to the imposition of any lien or other charge as a result of such failure.

11.2 The foregoing provisions are covenants for the protection of the LANDLORD, and these covenants and any similar provisions in this Lease

referring to third parties are not intended or made for the benefit or enforcement by such third parties.

11.3 The LANDLORD represents and warrants to the TENANT that, to the best of LANDLORD's knowledge, the prior lessee of the Facility has fully complied, and has caused the Leased Premises to fully comply, with all of the requirements set forth in this Section 11 for the period of time up to and including the Commencement Date.

12. REPAIRS AND MAINTENANCE

12.1 Commencing as of the Date of Possession and until the end of the Lease Term, the TENANT, at its expense, shall take good care of and keep in good order and repair (damage or destruction by fire, other casualty and ordinary wear and tear excluded), the Leased Property. Except as otherwise provided elsewhere in this Lease, TENANT shall:

A. except for latent structural defects, or breaches of any of LANDLORD's representations and warranties set forth in this Lease Agreement, which are the sole responsibility of LANDLORD, make all repairs inside and outside, ordinary and extraordinary, structural and nonstructural, as necessary to preserve the Leased Property in good order and condition, which repairs shall be performed in a first class workmanlike manner. If the Leased Property cannot be so repaired, TENANT shall replace that element of the Leased Property with similar elements of a quality at least equal to the original work on item.

B. promptly pay the expense of all such repairs;

C. suffer no waste on or injury to the Leased Premises;

D. keep all sidewalks, curbs and parking areas within the Leased Premises in good repair and free from dirt and rubbish;

E. give prompt notice to LANDLORD of any fire or other casualty that may occur; and

F. repair promptly, all injury done by the installation or removal of furniture, fixtures, equipment, machinery and personal property of the TENANT.

12.2 The LANDLORD, its agents or representatives, shall have the right to enter upon the Leased Premises at all reasonable times during usual business hours for the purpose of inspecting same. If the LANDLORD reasonably deems any repairs are necessary for which TENANT is responsible under Section 12.1, the LANDLORD may demand in writing that the TENANT make such repairs; and if the TENANT either refuses or neglects to commence such repairs within thirty (30) days of TENANT's receipt of such written demand or fails to complete the same in a commercially timely manner, the LANDLORD may make or cause such repairs to be made in a reasonable manner designed to avoid interference with the business of the TENANT and the LANDLORD shall not be responsible to the TENANT for any loss or damage that may accrue to the TENANT's business by reason thereof, and if the LANDLORD makes or causes such repairs to be made, the cost thereof paid by the LANDLORD shall be considered as Additional Rent payable on the first day of the next

succeeding month; provided, that LANDLORD shall provide written notice to TENANT, not less than five (5) business days before the due date for such Additional Rent, advising TENANT of the cost incurred by LANDLORD for any such repair. Nothing contained herein shall be construed as imposing any obligation on the LANDLORD to make any such repairs.

12.3 To the extent that reimbursement is available from escrowed funds (as described in Section 24.4 or 24.5 of this Lease) for expenditures made by the TENANT in compliance with Section 12.1 hereof, LANDLORD shall cooperate with TENANT to enable TENANT to obtain such reimbursement.

13. PUBLIC UTILITIES AND SERVICES

The TENANT agrees to pay or cause to be paid all charges for gas, water, sewer, electricity, light, heat, power, steam, air conditioning, telephone or other communication service or other utility or service used, rendered or supplied to, upon or in connection with the Leased Property throughout the term of this Lease, and to indemnify the LANDLORD and save it harmless against any liability or damages on such account. The TENANT expressly agrees that the LANDLORD is not, nor shall it be, required to furnish to the TENANT or any other occupant of the Leased Premises, during the term of this Lease, any water, sewer, gas, heat, electricity, light, power, steam, air conditioning or any other facilities, equipment, labor, materials or services of any kind whatsoever. The LANDLORD shall not be responsible for any breakdown, diminution, interruption, or cessation of any such utilities or utility services, nor shall the Net Rent abate in such event. Provided the same shall be at the TENANT's sole expense and liability, the LANDLORD, at the request of the TENANT, will join with the TENANT in any application required for obtaining or continuing any of the foregoing services.

14. ALTERATIONS AND ADDITIONS

14.1 Except to the extent provided in Sections 18, 19, 20 and 24 hereof, the TENANT may at any time and from time to time during the term of this Lease Agreement, and any extension hereof, at TENANT's own cost and expense, make or permit to be made any alteration, addition, change or improvements of, in or to the Leased Premises or any building located thereon or any part thereof; provided that:

A. For any alterations, additions, changes or improvements involving cost in excess of Five Thousand Dollars (\$5,000), the following shall be fully observed and performed by TENANT before the commencement of any work:

(1) There is no existing and unremedied default on the part of TENANT under any of the terms, covenants and conditions herein;

(2) TENANT shall have delivered to LANDLORD plans and specifications, in sufficient detail to reasonably allow LANDLORD to make a decision with respect thereto, and shall have obtained LANDLORD's written approval thereof, and the approval of any and all governmental authorities and departments having jurisdiction. If LANDLORD shall not have signified its disapproval within thirty (30)

calendar days after their delivery, the plans and specifications shall have been deemed to be approved by LANDLORD;

(3) Neither the LANDLORD nor the Leased Premises shall be subject to any charge, liability, claim or lien of whatsoever kind or nature by reason thereof, except for any increase in property tax as to the Leased Premises resulting from such improvement;

(4) The TENANT shall tender to the LANDLORD such security and insurance of completion for said alterations or changes as shall be commercially acceptable within the industry.

B. The following shall be fully observed and performed by the TENANT during the work:

(1) The work involved in any such alteration, change or modification shall be performed with diligence and in a first-class workmanlike manner;

(2) All such work, alterations, changes or modifications shall be done subject to, and in accordance with, all applicable federal, state and local laws and regulations governing the same; and

(3) The TENANT shall procure all necessary permits for the construction of said changes, alterations or modifications and shall deliver to LANDLORD a final certificate of occupancy or its equivalent as a condition precedent to the use of the improvements for their designated purpose.

14.2 All alterations, changes, additions and modifications to the Facility, when made, erected, constructed, installed or placed upon the Leased Premises, and all machinery, apparatus, equipment, floor coverings and fixtures originally installed or as replaced, including without limitation all heating, lighting, and power equipment, pipes, pumps, tanks, conduits, plumbing, air-cooling and air-conditioning apparatus, attached cabinets, ducts and compressors are now and shall immediately be and become part of the realty when installed and the sole and absolute property of the LANDLORD without cost or charge to the TENANT and shall remain upon and be surrendered with the Leased Premises at the expiration or sooner termination of this Lease Agreement.

14.3 Subject to Section 29.4, all unattached machinery, equipment or furniture purchased by or installed by the TENANT in the Leased Premises and used in connection with the TENANT's business operations, and the TENANT's trade fixtures, other than as necessary to satisfy TENANT's obligations as to Facility Equipment and Supplies as set forth herein or as is reasonably necessary for the operation of the Facility in accordance with law and for the continued operation of the Facility in accordance with its operations at that time, may be removed by the TENANT at any time prior to the expiration of the term of this Lease Agreement, but such personal property and all replacements thereof shall also be subject to the provisions of Section 14.4 hereof.

14.4 The TENANT does hereby covenant and agree, at its own cost and expense, in a good and workmanlike manner, to repair and replace any damage caused by the removal aforesaid of any of such unattached machinery,

equipment, furniture, or trade fixtures, the removal of which is permitted by this Lease Agreement.

15. LIENS OF THIRD PARTIES BY ACTION OF TENANT

15.1 The TENANT shall not suffer or permit any liens to stand against the Leased Property or any part thereof by reason of any work, labor, services or materials done for, or supplied to, or claimed to have been done for, or supplied to, the TENANT or anyone holding the Leased Property or any part thereof through or under the TENANT subsequent to the Date of Possession. If any such lien shall at any time be filed against the Leased Property, the TENANT shall cause the same to be discharged of record within sixty (60) days after the date the TENANT receives notice of filing the same, by either payment, deposit or bond, unless a bond therefor is already in effect, or within such period shall have commenced proceedings necessary to discharge same and shall proceed diligently thereunder in order to discharge such lien within a reasonable time. If the TENANT shall fail to discharge, or to commence necessary proceedings to discharge, any such lien within such period, the LANDLORD may, but shall not be obligated to, procure the discharge of such lien either by paying the amount claimed to be due by deposit in court, or in the LANDLORD's election, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor with interest, costs and allowances. Any amount so advanced by the LANDLORD for any of the aforesaid purposes, and all legal and other expenses of the LANDLORD, at the option of the LANDLORD, shall be payable by the TENANT to the LANDLORD as additional rental in accordance with the provisions of this Lease, and shall be considered as Additional Rent for the next month.

15.2 Nothing in this Lease shall be deemed to be, or construed in any way as constituting, the consent or request of any person, firm or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of or to the Leased Property or any part thereof, nor as giving the TENANT any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials which might in any way give rise to the right to file any lien against the LANDLORD's interest in the Leased Property. The LANDLORD shall have the right to post and keep posted, at all reasonable times on the Leased Premises, any notices which LANDLORD shall be required so to post for the protection of the LANDLORD and the Leased Property from any such lien.

16. ATTORNEYS' FEES

In the event either party brings an action against the other to enforce any condition or covenant of this Lease, the prevailing party in such action shall be entitled to recover the court costs and reasonable attorneys' fees in the judgment rendered through such action.

17. ACCESS TO PREMISES

The TENANT shall permit the LANDLORD or its agents to enter the Leased Premises at all reasonable hours, including without limitation the hours of

8 a.m. through 5 p.m., local time, Monday through Friday, for the purpose of inspection of the Leased Premises, and for the purpose of showing the Leased Premises to persons wishing to purchase the Leased Premises or make a mortgage loan upon them, and at any time within six (6) months prior to the expiration of the Scheduled Lease Term, to persons wishing to rent the whole or any portion of the Leased Premises.

18. DAMAGE OR DESTRUCTION

18.1 Except as expressly set forth in this Section 18, and subject to the terms and conditions of the existing Mortgage, and Section 18.3 hereof, if, after the Date of Possession and prior to the end of the Lease Term, the Leased Property, or any improvements or additions to the Facility shall be destroyed or damaged in whole or in part by fire or other hazard, risk, contingency or casualty, whether or not covered by insurance, or after partial condemnation not resulting in termination of this Lease, the TENANT shall give to the LANDLORD immediate notice thereof, and the TENANT shall promptly repair, replace and rebuild the same, at least to the extent of the value, quality and class equal to the buildings and improvements thereon existing immediately prior to such occurrence (hereinafter referred to as "restoration"), all in accordance with Section 20 hereof. Except as hereafter expressly set forth, such partial or total destruction shall not annul or void this Lease except by the mutual written agreement of the parties, and there shall be no abatement or reduction of rent. The TENANT warrants to the LANDLORD that the Leased Property will be repaired or replaced in accordance with the then-existing laws and regulations affecting the Leased Property, including, without limitation, any requirements of any federal, state or local licensing authorities. In the event that the Leased Property shall be destroyed or damaged during the last two (2) years of the then-existing term of this Lease to the extent that the TENANT is deprived of the beneficial use of twenty-five (25%) percent or more of the usable space of the Facility, this Lease Agreement shall terminate at the option of the TENANT or the LANDLORD sixty (60) days after the receipt of written notice to the other party at the address provided and in the manner specified in Section 25 hereof, provided that such written notice is given within thirty (30) days of the event giving rise to the termination.

18.2 In the event of any damage or destruction as hereinabove referred to, any insurance money received by or paid to the LANDLORD or the TENANT or the Mortgagee under the Mortgage (to the extent allowable under the Mortgage) upon the Leased Premises by reason thereof shall be applied to such costs of repairing, restoration or rebuilding as herein provided for and required pursuant to Section 20.1 hereof. In the event the TENANT's insurance as hereinbefore provided for has a deductible provision, the TENANT shall supplement the insurance proceeds to the extent of the deductible as may be required for such repair, restoration or rebuilding.

18.3 Notwithstanding anything else herein to the contrary, in the event of damage to or destruction of the Leased Property, the TENANT will repair and restore same at its own cost and expense and without regard to the amount of insurance proceeds received, provided that the TENANT shall have the use of any insurance proceeds paid because of damage to or destruction of the Leased Property, to be used solely for the repair and restoration of the Leased Property pursuant to Section 20 hereof. However, the parties acknowledge that the Mortgagee(s) under the Mortgage(s) may have the right

pursuant to the Mortgage(s) to apply any insurance proceeds to the reduction of the indebtedness under the note(s) secured by the Mortgage(s). In the event of any damage or destruction to the Facility, and if the Mortgagee(s) or holder(s) of said note(s) uses the proceeds of insurance resulting therefrom to reduce the indebtedness of the note(s) or otherwise withholds such proceeds from TENANT, and if LANDLORD does not, within thirty (30) days after receipt of notice of such destruction and such withholding, offer to provide funds sufficient to effect necessary repairs, restoration or rebuilding, and provide such funds within a commercially reasonable time thereafter, then TENANT shall have the option, if less than twenty-five percent (25%) of the licensed beds of the Facility have been rendered unusable, to continue to occupy the Leased Premises based on payment of rent reduced proportionately to the number of licensed beds still usable; or if more than twenty-five percent (25%) of the licensed beds of the Facility have been rendered unusable, either to continue to occupy the Leased Premises based on payment of rent reduced proportionately to the number of licensed beds still usable or to terminate this Lease. In the event that insurance proceeds are paid to the Mortgagee, TENANT shall not be required to commence repairs prior to receiving notice from LANDLORD that funds will be made available for repairs either from such proceeds or from LANDLORD.

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19. CONDEMNATION **This Document is the property of**

19.1 The LANDLORD and the TENANT acknowledge that the terms of the Mortgage(s) may contain restrictions concerning condemnation proceedings, the use of the proceeds from the condemnation award, and which parties can participate in a condemnation proceeding and receive part or all of the proceeds from a condemnation award. Notwithstanding anything set forth in this Lease Agreement to the contrary, the terms of said Mortgage(s) shall solely govern the use of the proceeds from a condemnation award, which parties may be a participant to a condemnation proceeding and which parties may receive all or a portion of the proceeds from a condemnation award. However, to the extent that the terms of said Mortgage(s) do not conflict with the provisions set forth hereafter in this Section 19, then, and only then, shall the terms set forth hereafter in this Section 19 govern the use of proceeds from a condemnation award, participants to a condemnation proceeding, and the recipients of all or part of the proceeds from a condemnation award.

19.2 If title to the fee of the whole of the Leased Premises shall be taken or condemned by any competent authority for any public or quasi-public use, this Lease shall cease and terminate as of the date of possession by said authority. If title to the fee of less than the whole of the Leased Premises but more than twenty-five percent (25%) of the usable floor area of the improvements then upon the Leased Premises shall be so taken or condemned, the TENANT and the LANDLORD shall each have the option by written notice to the other, at any time prior to the taking of possession by, or the date of vesting of title in, such authority, whichever first occurs, to terminate this Lease as of the date of such vesting or possession. In either of such events, all Net Rent, as adjusted, and other charges paid or payable by the TENANT hereunder shall be apportioned as of the date the Lease shall have been so terminated as aforesaid.

19.3 The total condemnation award made with respect to all or any portion of the Leased Premises or for the loss of rent, or for the loss of

business beyond the term of this Lease Agreement, shall be solely the property of and payable to the LANDLORD. Any award made for the taking of TENANT's leasehold interest in the Leased Premises, for loss of business during the remaining term of this Lease Agreement, if any, for the taking of TENANT's moveable fixtures, furniture and other personal property, or for removal and relocation expenses of the TENANT in any such proceedings, shall be the sole property and payable to the TENANT. Any lump sum condemnation award shall be apportioned between the parties in a manner consistent with the above. In any condemnation proceedings, the LANDLORD and the TENANT shall each seek its own award in conformity herewith, at its own expense.

19.4: If title to the fee of less than twenty-five percent (25%) of the usable floor area of the improvements then upon the Leased Premises shall be so taken or condemned, or if the LANDLORD or TENANT shall have the right to terminate this Lease under Section 19.2 but shall not elect to do so, the LANDLORD shall, at its own cost and expense, restore the untaken portion of any building or improvements on the Leased Premises so that such building, shall constitute a complete architectural unit of the same general character and condition (as nearly as may be possible under the circumstances) as the buildings and improvements existing immediately prior to such condemnation or taking. Pending such restoration, the Net Rent payable hereunder shall be reduced in proportion to the reduced licensed bed capacity of the Facility as so taken or condemned. In the event the LANDLORD shall not commence such work within a commercially reasonable time after such taking, or shall not complete said work within a commercially reasonable time after commencement of such work, then this Lease, at the option of the TENANT, upon thirty (30) days written notice to the LANDLORD, shall cease and terminate, but the LANDLORD shall not be responsible for any delay which may result from labor strikes, governmental regulations, inability to obtain labor or materials or any other cause beyond the LANDLORD's control, and in such event the date of completion shall be extended by the period of interruption. Alternatively, the TENANT may complete such work and offset the cost thereof, subject to the provisions of this Section 19, against the installments of Net Rent next coming due hereunder. During any such repair work, the TENANT shall be required to pay a portion of the Net Rent in proportion to that part of the Leased Premises remaining in tenantable condition, and the balance of the Net Rent herein provided shall abate.

19.5: The TENANT agrees that if, at any time after the Lease Date, the whole or any part of the Leased Premises or of the TENANT's interest under this Lease shall be taken or condemned by any competent authority for its temporary use or occupancy, this Lease shall not terminate by reason thereof, subject to LANDLORD's payment to TENANT of any compensation received by LANDLORD for such temporary taking, and TENANT shall continue to pay, in the manner and at the times herein specified, the full amount or rent and charges payable under this Lease. Except as TENANT may be prevented from so doing pursuant to the terms of the order of the condemning authority, TENANT shall continue to perform and observe all of the other terms, covenants, conditions and obligations hereof, on the part of the TENANT to be performed and observed, as though such taking had not occurred.

19.6: TENANT covenants that upon the termination of any such period of temporary use or occupancy as set forth in Section 19.5 hereof, it will, at its sole cost and expense, restore the Leased Premises, as nearly as may be reasonably possible, to the condition in which the same were immediately prior to such taking, and subject to the same conditions as set forth in

Section 20, unless such period of temporary use or occupancy shall extend beyond the expiration date of the term of this Lease Agreement, and any extension thereof, in which case the TENANT shall not be required to make such restoration. In such case, the TENANT shall contribute to the cost of such restoration that portion of its entire award described in Section 19.5 hereof which is specifically allocated to such restoration in the judgment or order of the Court, if any.

19.7 For the purposes of this Section 19, the Leased Premises or a part thereof, as the case may be, shall be deemed to have been taken or condemned on the date on which actual possession of the Leased Premises or a part thereof, as the case may be, is acquired by any lawful power or authority, or the date on which title vests therein, whichever is earlier.

19.8 If the terms of any Mortgage on the Leased Premises operate to prevent the TENANT from participating in any condemnation proceeding, or to prevent the TENANT from receiving any of the proceeds of a condemnation award to which it would otherwise be entitled, or to require the said condemnation award proceeds to be applied against the promissory note secured by the said Mortgage, then the LANDLORD shall promptly pay to the TENANT a sum of money equal to the total award to which the TENANT would have otherwise been entitled. Any portion of any condemnation award received by the LANDLORD or applied pursuant to any such mortgage which results from or relates to a capitalization of the income stream of TENANT's business as conducted in the Facility, which is in excess of the capitalization of the payments of Net Rent from the TENANT to the LANDLORD, shall be promptly paid to the TENANT by the LANDLORD.

20: RESTORATION

20.1 Notwithstanding anything set forth in this Lease Agreement to the contrary, the terms of any Mortgage encumbering or concerning the Facility that constitutes the Leased Premises shall solely govern the terms and conditions upon which the net proceeds of all insurance and condemnation awards described in this Lease Agreement shall be applied to the cost of restoring the Facility. However, to the extent that the terms of such Mortgage do not conflict with the provisions set forth hereafter in this Section 20, then and only then, shall the terms set forth hereafter in this paragraph govern the application of insurance proceeds and condemnation awards to the cost of restoring the Facility. Nothing in this Section 20 shall require TENANT to expend funds for purposes of restoration if funds for such purpose are not available from insurance proceeds or LANDLORD under Section 18 or from condemnation proceeds under Section 19.

20.2 The party responsible for such restoration (herein referred to as the "Restoring Party") shall submit to the other party (herein referred to as the "Non-restoring Party") complete plans and specifications which shall be designed as follows: if the restoration is occasioned by fire or other casualty (except partial condemnation), to restore the Facility at least to its condition immediately prior to such damage or destruction and as nearly as similar in character and value as is commercially practicable and reasonable; or, if the restoration is occasioned by partial condemnation, to construct the remainder of the Facility so that the same shall constitute a complete architectural unit of the same general character and condition (as

nearly as may be possible under the circumstances) as the facility existing immediately prior to such condemnation or taking.

20.3 The plans and specifications shall be subject to the written approval of the Non-restoring Party. Within thirty (30) calendar days after submission thereof, the Non-restoring Party shall either approve the same or serve written notice upon the Restoring Party of its disapproval thereof and its objections thereto, in default of which such plans and specifications or such portion thereof not objected to shall be deemed to be approved by the Non-restoring Party, anything herein contained to the contrary notwithstanding.

20.4 The Restoring Party shall thereafter furnish the Non-restoring Party and the recipient of the proceeds of insurance or the award in condemnation, as the case may be, with a copy of any contract or contracts which the Restoring Party shall enter into for the making of such restoration; or, if the restoration is to be done by the Restoring Party, a copy of all sub-contracts made by the Restoring Party in connection with such restoration and a sworn statement estimating the cost thereof.

20.5 During the progress of the restoration, the holder of the insurance proceeds or award in condemnation, as the case may be, shall make payments to the Restoring Party and materialmen of the Restoring Party, for the account of the Restoring Party, out of such proceeds of insurance or award in condemnation to the extent available, at the end of each month, or from time to time as may be agreed upon, against the Restoring Party's certificates, as follows: an amount which shall be that proportion of the insurance proceeds or award held which ninety percent (90%) of the payments to be made to the contractors or materialmen of the Restoring Party for work done, materials supplied and services rendered, during such month or other period, bears to the total contract price; if the restoration is done by the Restoring Party, then that portion of the insurance proceeds or award so held which ninety percent (90%) of the estimated cost of work done, materials supplied and services rendered during that month bears to the total estimated cost; and on completion of the restoration, the balance of such insurance proceeds or condemnation award monies required to complete the payment of the restoration costs shall be paid to the Restoring Party; or, if the Restoring Party is the holder of the insurance proceeds or award in condemnation, the Restoring Party shall be responsible for and shall pay such amounts as shall be necessary to make full payment (less retention) for all work done, material supplied and services rendered during each and every month, without regard to the sufficiency of the proceeds or award otherwise available.

20.6 At the time of each such request for advance by the Restoring Party and as a condition precedent thereto, the Restoring Party shall also submit a certificate signed by the Restoring Party and the architect or engineer responsible for supervising said work not more than fifteen (15) days prior to such request setting forth the following: that the sum then requested either has been paid by the Restoring Party or is justly due to contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for the restoration therein specified; the names and addresses of such persons; a complete description of such services and materials; the several amounts so paid or due to each of said persons in respect thereof; that no part of such expenditures has been or is being made the basis, in any previous or other

pending request, for the withdrawal of insurance money or condemnation award money, and that the sum then requested does not exceed the value of the services and materials described in the certificate; that, except for the sum then requested in such certificate stated to be due for services or materials and the 10% retainage, there is no outstanding indebtedness known to the person signing such certificate, after due inquiry, which is then due for labor, wages, materials, supplies or services in connection with such restoration which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialmen's statutory or similar lien upon such restoration or upon the Leased Premises or any part thereof or upon the leasehold interest therein; that the total cost, as estimated by the persons signing such certificate, of the restoration required to be done subsequent to the date of such certificate in order to complete the same, does not (except as previously disclosed by the Restoring Party to the Non-restoring Party in writing, which writing, if any, shall be identified in such certificate) exceed the balance of the proceeds of insurance or award in condemnation in the possession of the holder thereof; and that all of the work of restoration so far completed is proper and of the quality and class equal to the original work and in accordance with the plans and specifications approved by the Non-restoring Party.

20.7 At the completion of the restoration, and following disbursement of the final advance to the Restoring Party required to complete the payment of restoration costs, any such insurance proceeds or condemnation award proceeds remaining shall be paid by the recipient thereof to the LANDLORD and one hundred percent (100%) thereof shall be credited to the rental required to be paid by TENANT pursuant to Section 6 hereof during the period immediately following the date on which payment is made.

20.8 During such restoration, the Non-restoring Party and any architect, engineer, or other representative designated by the Non-restoring Party, may inspect the Leased Premises. During the course of such restoration and its completion, the Restoring Party shall keep copies of all plans, shop drawings and specifications relating to such restoration on the building site and permit the Non-restoring Party or its architect, engineer or other representative to examine them at all reasonable times, or, in the alternative, shall furnish the Non-restoring Party with copies of such plans, drawings and specifications. In the event that during the restoration of the Leased Premises, the Non-restoring Party or its architect, engineer or other representative shall determine that the materials do not substantially conform to the approved specifications or that the Leased Premises are not being restored in accordance with the approved plans, prompt notice in writing shall be given to the Restoring Party, specifying in detail the particular deficiency, omission or other respect in which it is claimed that the restoration does not conform with the plans and specifications as so approved. Upon the receipt of any such notice, the Restoring Party shall take such steps as it deems necessary to cause corrections to be made as to any deficiencies, omissions or otherwise, and if necessary for the purpose of effectuating such corrections, shall immediately remove such materials and replace such construction and furnish materials in accordance with the approved plans and specifications or equally as good as those provided for in such plans and specifications.

20.9 All of such restoration and the performance thereof shall be subject to and shall be performed in accordance with the conditions and requirements imposed upon TENANT in Section 14 hereof.

20.10 If the Restoring Party shall fail to commence such restoration within a commercially reasonable time following such damage or destruction or within a commercially reasonable time following the date insurance or condemnation proceeds, if any, are first made available to it, whichever first occurs, or, having commenced such restoration, shall fail to complete it in accordance with the provisions of this Lease within a commercially reasonable time, the Non-restoring Party may, at its option and upon serving written notice upon the Restoring Party that it elects so to do, make and complete such restoration. In such event, the Non-restoring Party shall have the right, as the restoration progresses, to use and apply the insurance proceeds or condemnation award money to the cost of such restoration to the extent that it shall not theretofore have been applied to the payment or reimbursement of costs and expenses of the Restoring Party as aforesaid.

20.11 If prior to the completion of such restoration whether by the LANDLORD or the TENANT, this Lease shall terminate or expire for any reason, LANDLORD shall have the right to receive and retain such insurance proceeds or condemnation award, to the extent that it shall not theretofore have been applied to the payment or reimbursement of the costs and expenses of the TENANT and the LANDLORD, as aforesaid, and the TENANT shall thereupon be discharged from any and all obligations under this Lease to restore the Leased Premises pursuant to this Section 20.

20.12 If the restoration of the property here contemplated hereby requires the obtaining of a Certificate of Need or approvals of any federal or state successor legislation, TENANT shall apply for and use its best efforts to obtain the same and LANDLORD shall cooperate in such application. To the extent permitted by applicable laws, rules and regulations, any such approvals shall be and remain the sole property of LANDLORD. If, after the application of TENANT's best efforts, there is a denial by any such approving agency, this Lease, at the option of TENANT, shall terminate, and all further rights and obligations of TENANT and LANDLORD hereunder shall terminate, provided, that if the useable licensed bed capacity, notwithstanding such legal prohibition against restoration is Seventy-Five Percent (75%) or more of the licensed bed capacity as of the Commencement Date, then this Lease may not be terminated, but the Net Rent payable hereunder shall be reduced proportionately.

21. SUBORDINATION

This Lease shall be subject and subordinate to the lien of the existing Mortgage(s) as of the date hereof, and to no other, except as provided herein. The TENANT agrees, at any time hereafter, on demand, to execute and deliver any instruments, releases or other documents that may be required for the purpose of evidencing the subordination of this Lease to the lien of such Mortgage(s) or a new Mortgage or Mortgage(s) which LANDLORD shall have the right to place on the Leased Property as provided herein. The LANDLORD shall have the right to place new Mortgage(s) on the Leased Property at any time after the Date of Possession; provided, that the LANDLORD shall provide to TENANT, at least twenty (20) days prior to placing any such Mortgage(s) upon the Premises, complete copies of all documents relating to the transaction in which any Mortgage is to be executed; and further provided, that the Mortgagee shall agree, in writing and in the form of an enforceable commitment, that TENANT's possession of the Leased Property shall not be

disturbed by said Mortgagee so long as TENANT is not in default under this Lease and agrees to accept the Mortgagee or any purchaser of the Leased Property at a foreclosure sale as LANDLORD hereunder.

22. ASSIGNMENT AND SUBLETTING

22.1 Except as hereinafter provided, the TENANT and the TENANT's legal representatives or successors in interest, by operation of law or otherwise, shall not transfer, assign, sublease, or the TENANT's interest in and to the Leased Property, without first procuring the written consent of the LANDLORD, which LANDLORD shall not unreasonably withhold; provided, that for such purpose, withholding of consent to assignment or subleasing shall not be deemed unreasonable if based on the LANDLORD's reasonable belief that the proposed assignee or sublessee fails to satisfy any of the following criteria:

(1) the proposed assignee/sublessee has a net worth at least equal to the net worth of TENANT as of the date of possession, and has the capacity to finance the working capital needs of the Facilities;

(2) the proposed assignee/sublessee must have a record of maintenance and operation of health care facilities in a manner which will preserve the value of the Facility;

(3) the proposed assignee/sublessee have a proven record of marketing and managing its facilities successfully from the standpoint of both quality of care and profitability, and treatment of its employees so as to avoid labor conflicts;

(4) the proposed assignee/sublessee must have sufficient management quality and depth to take on the operation of the Facilities;

(5) the proposed assignee/sublessee will operate all the Facilities subject to the other Leases as well as the Facility;

(6) the proposed assignee/sublessee demonstrates by a binding commitment and reasonable evidence that it will honor TENANT's contractual obligations;

(7) the proposed assignee/sublessee is an established firm of good reputation.

The TENANT and TENANT's legal representatives or successors in interest, by operation of law or otherwise, shall not sublet the Leased Premises, or any part thereof, to any person whatsoever, provided, however, that the TENANT may sublet up to 2,000 square feet of the Facility to another health care service provider in furtherance of the operation of the Facility, or in furtherance of other health care activity undertaken by TENANT with the consent of the LANDLORD, so long as the number of licensed beds in the Facility is not reduced and so long as the term of any such sublease does not extend beyond the Scheduled Lease Term, and such sublease terminates automatically upon termination of this Lease. TENANT may not mortgage its leasehold without LANDLORD's prior written consent, which LANDLORD may withhold in its sole discretion.

22.2 Any consent by the LANDLORD to any act of transfer, assignment or mortgaging shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the TENANT, or the legal representatives or assigns of the TENANT, to obtain from the LANDLORD consent to any other or subsequent transfer, assignment or mortgage, or as modifying or limiting the rights of the LANDLORD under the foregoing covenant of the TENANT not to transfer, assign or mortgage without such consent.

22.3 Any violation of any provision of this Lease Agreement, whether by act or omission, by any transferee, assignee or mortgagee shall be deemed a violation of such provision by the TENANT, it being the intention and meaning of the parties hereto that the TENANT shall assume and be liable to the LANDLORD for any and all acts and omissions of any and all transferees, assignees or mortgagees.

22.4 If TENANT's rights under this Lease Agreement shall be transferred, assigned or mortgaged, the LANDLORD may and is hereby empowered to collect rent from any transferee, assignee or mortgagee, and the LANDLORD may apply the net amount received by it to the Net Rent herein reserved; and no such collection shall be deemed a waiver of the covenant herein against transfer, assignment or mortgaging, or the acceptance of the transferee, assignee or mortgagee as a tenant, or release of the TENANT from further performance of the covenants herein contained on the part of the TENANT to be performed.

22.5 Each transfer, assignment or mortgage of this Lease Agreement on of the Leased Premises to which the LANDLORD may consent shall be by an instrument in writing and shall be executed by the transferor, assignor, or mortgagor and the transferee, assignee or mortgagee, in each instance, as the case may be. Each such transferee, mortgagee or assignee shall agree in writing for the benefit of the LANDLORD herein to assume, to be bound by, and to perform the terms, covenants and conditions of this Lease to be done, kept and performed by the TENANT.

22.6 Notwithstanding such transfer, assignment or hypothecation, TENANT and the Guarantors shall remain liable for the full performance of the terms of this Lease for the unexpired balance of the term of this Lease unless expressly released in writing by LANDLORD.

22.7 Notwithstanding the foregoing provisions of this Section 22, this Lease Agreement may be assigned to any corporation into which the TENANT may be merged or consolidated, or to any corporation which shall be an affiliate, subsidiary, parent or successor of the TENANT, or to a partnership, the majority interest in which shall be owned by the TENANT, stockholders of the TENANT, or by any affiliate, subsidiary, parent or successor of the TENANT.

22.8 For purposes of Section 22.7 hereof, a "subsidiary" or "affiliate" or a "successor" or a "parent" of the TENANT shall mean the following:

A. An "affiliate" shall mean any corporation which controls or is controlled by, or is under common control with the TENANT. For this purpose, "control", "controlled by" and "under common control with" shall mean the possession, of the power to direct or cause the direction of the

management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

B. A "subsidiary" shall mean any corporation not less than fifty (50%) percent of whose outstanding stock shall, at the time, be owned directly or indirectly by the TENANT.

C. A "successor" of the TENANT shall mean:

(1) A corporation into which the TENANT, its corporate successors or assigns, is merged or consolidated in accordance with applicable statutory provisions for merger or consolidation of corporations, provided that by operation of law or by effective provisions contained in the instruments of merger or consolidation, the liabilities of the corporations participating in such merger or consolidation are assumed by the corporation surviving such merger or created by such consolidation; or

(2) A corporation acquiring this Lease Agreement, the term hereby demised and substantially all of the property and assets of the TENANT, its corporate successors or assigns; or

(3) Any corporate successor to a successor corporation becoming such by either the methods described in Section 22.8C(1) or 22.8C(2) provided that upon the completion of such merger, consolidation, acquisition or assumption, the successor shall have a net worth of no less than the then TENANT's net worth immediately prior to such merger, consolidation, acquisition or assumption.

D. The "Parent" of the TENANT shall mean any corporation owning Fifty-One Percent (51%) or more of the controlling and beneficial interest in TENANT.

E. Acquisition by the TENANT, or its corporate successors, of a substantial portion of the assets, together with the assumption of all or substantially all of the obligations and liabilities of a corporation, shall be deemed a merger of such corporation into the TENANT for purposes of this Section 22.

23. DEFAULT AND DAMAGES

23.1 Any one or more of the following events shall constitute an event of default hereunder ("Event of Default" or "Default"):

A. Financial Default. If default shall be made in the due and punctual payment of Net Rent required under the terms of this Lease Agreement or any part hereof, when and as the same shall become due and payable, and such default shall continue for a period of fifteen (15) days after the due date; or, as to any payment of Additional Rent required to be made by TENANT under the terms of this Lease Agreement, if default shall be made in the due and punctual payment thereof, and such default shall continue for a period of ten (10) days after TENANT's receipt of written notice from LANDLORD specifying such default; or

B. Non-Financial Default. If default shall be made by TENANT in substantial performance or compliance with any of the agreements, terms, covenants or conditions in this Lease Agreement other than those referred to in the foregoing Section 23.1A, for a period of thirty (30) days after written notice from the LANDLORD to the TENANT specifying the items in default, or in the case of default which cannot with due diligence be cured within said thirty (30) day period, TENANT fails to commence within said thirty (30) day period to cure the same and thereafter to prosecute the curing of such default with due diligence, it being intended that for a default not susceptible of being cured with due diligence within said thirty (30) day period, the time provided to the TENANT within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence; or

C. Event of Insolvency: Voluntary. If TENANT shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy law or any other present or future federal, state or other bankruptcy or insolvency statute or law, or shall seek or consent to or acquiesce in the appointment of any bankruptcy or insolvency trustee, receiver or liquidator of TENANT for all or any substantial part of its property or of the Leased Premises, and if such condition shall continue for a period of ninety (90) days; or

D. Event of Insolvency: Involuntary. If any proceeding against TENANT seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar remedy under the present or any future federal bankruptcy law or any other present or future federal, state or other bankruptcy or insolvency statute or law is commenced, and if such proceedings shall not have been dismissed within ninety (90) days, or if, within ninety (90) days after the appointment, without the consent or acquiescence of the TENANT, of any trustee, receiver or liquidator of the TENANT or of all or substantially all of its properties or of the Leased Premises, such appointment shall not have been vacated; or

E. Abandonment. If the Facility shall be abandoned by the TENANT, or shall become vacant, and such condition continue without correction for two (2) days after written notice to TENANT from LANDLORD; or

F. Other Default. If the TENANT defaults under any of the terms and conditions of any or all of the Other Leases or the Related Agreements, as defined in the Agreement To Lease, and such default has not been cured under any of the applicable cure periods;

G. Effect of Default. Then and in any such event as in Section 23.1A, B, C, D, E and F described, the LANDLORD at any time thereafter during which such event remains outstanding, may give written notice to the TENANT specifying such Event of Default or Events of Default and demanding that TENANT cure the same, or, at the option of the LANDLORD, the said written notice shall either declare LANDLORD's intention to repossess the Leased Property without terminating this Lease Agreement, in which case Section 23.5B hereof shall apply, or, the said written notice may state that this Lease Agreement and the term hereby demised shall expire and terminate on the date specified in such notice, which, except for an Event of Default involving nonpayment of Net Rent as set forth in Section 23.1A,

shall be at least ten (10) days after the giving of such notice, and upon the date specified in such notice this Lease Agreement and the term hereby demised and all rights of the TENANT under this Lease Agreement shall expire and terminate, and the TENANT shall remain liable as herein provided, and the provisions of Section 23.5C hereof shall apply. Any such notice shall state LANDLORD's intent with respect to its lien as provided in Section 30 hereof.

23.2 Any such proceeding or action involving bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy law or any other present or future applicable federal, state or other statute or law, above set forth in Section 23.1C and 23.1D hereof, shall be grounds for the termination of this Lease Agreement pursuant to the terms of this Section 23, if such proceeding, act or remedy shall be taken or brought by or against TENANT, the then holder of the leasehold estate (including any assignee or sublessee of TENANT) under this Lease Agreement, or, unless the Guarantors have been released by LANDLORD from liability under the Guaranty, either or both of the Guarantors.

23.3 Upon such expiration, termination or re-entry or repossession by LANDLORD without such expiration or termination of this Lease Agreement, all as in Section 23.1G provided, the TENANT shall quit and peaceably surrender the Leased Property to the LANDLORD, and the LANDLORD upon any such expiration, termination or re-entry or repossession without notice enter upon and re-enter the Facility and the Leased Premises and possess and repossess the Leased Property, by force, summary proceedings, ejectment or otherwise, and may dispossess the TENANT and remove the TENANT and all other persons and property from the Facility and may have, hold and enjoy the Leased Property and the right to receive all rental income of and from the same. LANDLORD shall save, indemnify and hold TENANT harmless of and from any and all liability, loss, cost or expense arising from the acts of persons other than TENANT or its agents or assigns from and after the date TENANT loses possession of the Facility pursuant to this Section 23 (the "Repossession Date"), for all duties relating to patient care provided after such date, loss occurring after such date of certificates of need or similar approvals under any federal or state legislation or regulation, maintenance thereafter of all federal, state or local licensure, permits or consents for the Facility, and the maintenance and obtaining of all other governmental approvals then or thereafter required.

23.4 If this Lease Agreement shall be terminated pursuant to this Section 23, or if LANDLORD reenters the Leased Premises without terminating this Lease Agreement as provided in Section 23.1G hereof, by summary proceedings or otherwise, the LANDLORD may in its own name, but as agent for the TENANT if this Lease Agreement not be terminated, or if this Lease Agreement be terminated, in LANDLORD's own behalf, relet the Facility and Facility Equipment, or any part thereof, for such term or terms, which may be greater or less than the period which would have otherwise constituted the balance of the term of this Lease Agreement, and on conditions which may include concessions or free rent and alterations of the Leased Premises, as LANDLORD in its uncontrolled discretion may determine, and may collect and may receive the rents therefor.

(1) TENANT shall cooperate with LANDLORD or LANDLORD's nominee, in the event of such termination or re-entry, in the same manner as the

prior lessee of the Facility has agreed to cooperate with TENANT as set forth in the Agreement To Lease. Specifically, and without limitation, TENANT shall (a) allow such party to hire employees who are employed by TENANT at the Facility; (b) allow such party to use TENANT's billing system (including hardware and software) for at least six months, subject to such party assisting TENANT in collection of TENANT's receivables. TENANT shall cooperate in transfer of control of the Facility to LANDLORD or LANDLORD's nominee in accordance with Section 1.03 of the Agreement To Lease.

(2) Subject to Sections 23.5B, 23.5C, and 23.5F hereof, the LANDLORD shall not be responsible or liable for any failure to relet the Leased Premises or Facility Equipment, or any part thereof, or for any failure to collect any rent due upon such reletting; provided, however, that LANDLORD shall have the duty to mitigate its damages.

23.5i Damages payable by TENANT in the event of expiration, termination, or re-entry and repossession of the Leased Premises pursuant to Section 23.1G shall include the cost of restoration as described in Section 23.5A, plus the rent differential as described in Section 23.5B if LANDLORD elects not to terminate the Lease, or the termination deficiency as described in Section 23.5C if LANDLORD elects to terminate the Lease, plus, in either event, interest and expenses as provided in Sections 23.5D and 23.5E.

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A. Restoration Cost County Lease shall expire, terminate or if the LANDLORD shall re-enter and repossess the Facility and Facility Equipment with or without terminating this Lease, all as in Section 23.1G provided, then and in any of such events, the TENANT covenants and agrees, any other covenant in this Lease Agreement notwithstanding:

(1) That the Leased Premises and Facility Equipment shall be in the same condition as that in which the TENANT has agreed to surrender them to the LANDLORD at the expiration of the term thereof;

(2) That TENANT, on or before the occurrence of any such event shall perform any covenant contained in this Lease Agreement for the making of any improvement or alteration to the Leased Premises or Facility Equipment; or for restoring or rebuilding any part thereof; and

(3) That, for the default of any covenant above stated in this Section 23.5A, LANDLORD shall be entitled to recover and TENANT shall immediately pay, without notice or other action by LANDLORD, the then cost of performing such covenant, plus interest thereon at a rate equal to the discount rate of the Federal Reserve Bank of Chicago in effect at the time of payment, for the period between the date of payment received by LANDLORD from TENANT and the date when such work or act should have been performed under the other provisions of this Lease Agreement.

B. Rent Deficiency Payable Monthly Before Termination. In the event of such re-entry and repossession of the Facility and Facility Equipment without termination of this Lease, the TENANT shall pay the LANDLORD the Net Rent and Additional Rent accruing up to the time of such event, and, in the event of the re-entry or repossession of the Facility and Facility Equipment without the termination of this Lease, the TENANT, until the end of the term of this Lease Agreement, shall be liable to the LANDLORD

for damages for TENANT's default, for an amount which is determined to be the equivalent of the amount of the Net Rent, Additional Rent, and all charges payable under this Lease Agreement by TENANT on a monthly basis during the remaining Lease Term, less the then fair and reasonable rental value of the Leased Premises and Facility Equipment for the same period, after deducting LANDLORD's reasonable expenses in connection with such re-entry or repossession, which shall include, without limitation, all reasonable repossession costs, brokerage and management commissions, operating expenses attributable to effecting such re-entry or repossession, legal expenses, attorneys' fees, alteration costs, and expenses of preparing for such reletting. The TENANT shall pay such damages as in this Section 23.5B provided (herein called the "rent differential") to LANDLORD monthly, on the days on which the Net Rent would have been payable under this Lease Agreement if TENANT were still in possession, and LANDLORD shall be entitled to recover from TENANT each monthly deficiency as the same shall arise. Nothing herein contained shall prevent LANDLORD from terminating this Lease Agreement thereafter for any such Event of Default.

C. Termination Deficiency: Present Value of Rent Differential. In case of any termination of this Lease Agreement by LANDLORD as provided in Sections 23.1G, the LANDLORD shall, as of the date of such termination, become entitled to recover from the TENANT, as damages for such default, an amount equal to the present value, as of the date of such termination, of the difference between the Net Rent and Additional Rent due from the date of such default until the end of the Scheduled Lease Term, and the then fair and reasonable rental value of the Leased Premises and Facility Equipment for the same period. Said damages (hereinafter called the "Termination Deficiency") shall become due and payable to LANDLORD, provided that an Event of Default of this Lease Agreement has occurred, immediately upon LANDLORD's declaration of termination of this Lease. Any rent deficiency paid by TENANT after Default, but prior to termination, pursuant to Section 23.5B, shall be credited against the Termination Deficiency. In the computation of such Termination Deficiency, the present value of the difference between any installment of Net Rent and Additional Rent reserved herein, during what would have been the remaining term of this Lease Agreement, and the fair and reasonable rental value of the Leased Premises and Facility Equipment for the said term, shall be calculated based on a discount rate equal to the discount rate of the Federal Reserve Bank of Chicago in effect at the time of payment.

D. Interest. Tenant shall be liable for interest on the Termination Deficiency or any other amount for which TENANT is liable hereunder at the Default Rate. Any liability of LANDLORD to TENANT shall also accrue interest at the Default Rate.

E. Expenses Resulting From Breach. If this Lease Agreement shall terminate as a result of breach by TENANT or if the LANDLORD shall re-enter and repossess the Facility and Facility Equipment without terminating this Lease, all as in Section 23.1G provided, and whether or not the Leased Premises and Facility Equipment shall be relet, LANDLORD shall be entitled to recover from TENANT and TENANT shall pay to LANDLORD, in addition to any damages becoming due under this Section 23, if said amount is not already included in the computation of said damages, the following: an amount equal to all reasonable expenses, if any, incurred by LANDLORD as a prudent businessman and not reimbursed to LANDLORD or its successor, assignee or the then tenant or occupant of the Leased Premises, by third

party payors, including reasonable attorneys' fees or other expenses, incurred by the LANDLORD in recovering possession of the Leased Premises.

F. Determination of Fair Rental Value. Fair rental value, for purposes of this Section 23, shall be the highest amount which could be obtained by renting the Facility to another party for the remainder of the Scheduled Lease Term under the same terms (other than with respect to Net Rent) as specified in this Lease Agreement; provided, however, that the following procedures shall be used.

(1) If LANDLORD leases the Facility to another party for the remainder of the Scheduled Lease Term (or longer), the rent agreed to by such party shall conclusively establish the fair rental value of the Facility in the absence of an actual offer to lease for a higher amount for the same term tendered by a party unrelated to TENANT (whether by shared ownership or any financial or contractual affiliation; hereafter, "Unrelated Party") having a net worth equal to or greater than the net worth of the party having leased from LANDLORD.

(2) If the Facility is leased by LANDLORD to another party for only part of the remaining Scheduled Lease Term, the rent payable under such agreement shall conclusively establish the fair rental value for the entire remaining Scheduled Lease Term, subject to TENANT's right to offset against the Termination Deficiency as calculated on that basis (or, if the Termination Deficiency has been paid and is not subject to recovery as a preference in the event of TENANT's insolvency, TENANT's right to recover from LANDLORD) an adjustment reflecting any greater rent actually received by LANDLORD for any portion of the remaining Scheduled Lease Term.

(3) If the Facility is not leased by LANDLORD to any other party, the fair rental value, for purposes of calculating the rent differential and the Termination Deficiency, shall be the highest rent offered by any Unrelated Party having a net worth equal to or greater than TENANT's net worth (as stated based on generally accepted accounting principles in its most recent audited financial statement), for a lease term at least as long as the remainder of the Scheduled Lease Term (or longer).

23.6 Except as in this Section 23 provided, the TENANT hereby expressly waives, so far as permitted by law, the service of any notice of intention to re-enter provided for in any statute, and except as is herein and otherwise provided, the TENANT for and on behalf of itself and all persons claiming through or under TENANT, including any leasehold mortgagee or other creditor, also waives any and all right of redemption or re-entry or repossession in case TENANT shall be dispossessed by a judgment in favor of LANDLORD or by a warrant of any court or judge for re-entry or repossession by the LANDLORD or in case of any expiration, termination, re-entry or repossession without expiration or termination of this Lease Agreement following an Event of Default hereunder. The terms "enter", "re-enter", "entry" or "re-entry" as used in this Lease Agreement are not restricted to their technical legal meanings.

23.7 No failure by LANDLORD to insist upon the strict performance of any agreement, term, covenant, or condition hereof or to exercise any right or remedy consequent upon a Default thereof, and no acceptance of full or partial rent during the continuance of any such Default, shall constitute a waiver of any such Default or of such agreement, term, covenant, or condition. No agreement, term, covenant or condition hereof to be performed or complied with by TENANT and no Default thereof shall be waived, altered or modified except by written instrument executed by LANDLORD. No waiver of any Default shall affect or alter this Lease Agreement, but each and every agreement, term, covenant and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent Default thereof.

23.8 In the event of any Default by TENANT of any of the agreements, terms, covenants, or conditions contained in this Lease Agreement, the LANDLORD shall be entitled to enjoin such Default and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease Agreement.

23.9 Each right and remedy provided for in this Lease Agreement shall be cumulative and shall be in addition to every right or remedy provided for in this Lease Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by LANDLORD or TENANT of any one or more of the rights or remedies provided for in this Lease Agreement or now or hereafter existing in law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the party in question of any or all of the rights or remedies provided for in this Lease Agreement or now or hereafter existing at law or in equity by statute or otherwise.

24. CAPITAL IMPROVEMENTS AND REPLACEMENT FUND

24.1 As used in this Lease, the term capital improvement shall mean any single improvement, alteration, replacement or repair to the Leased Premises having a useful life in excess of the longer of twelve (12) months or the remaining period within the then current lease term, but shall not include capital improvements necessitated by a destruction of the Leased Property described in Section 18 and condemnation described in Section 19.

24.2 As part of and in addition to its obligation to bear the cost of maintenance and repair as stated in Section 12, beginning on the Date of Possession and during the term of this Lease, the TENANT will, at its expense, make whatever capital improvements are required to conform the Leased Premises to such standards as may from time to time be required for licensure as a nursing home by the State. In addition, the TENANT shall make any and all structural repairs to the Leased Premises necessary to keep the Leased Premises in its current condition, reasonable wear and tear excepted, except repairs of latent structural defects or matters warranted by LANDLORD in this Lease Agreement, the repair of which shall be LANDLORD's sole responsibility and obligation. All capital improvements by TENANT shall be performed in a first class workmanlike manner.

24.3 As provided in Section 12 hereof, all non-capital improvements, routine maintenance and minor repairs to the Facility and Facility Equipment

shall be the sole responsibility of TENANT throughout the term of this Lease Agreement.

24.4 In the event that the Leased Premises are subject to a mortgage insured by the U.S. Department of Housing and Urban Development ("HUD"), and pursuant to the terms of said mortgage (the "HUD Mortgage"), then under the Federal Housing Administration ("FHA") Regulatory Agreement (FHA Form 2466), incorporated by reference therein, LANDLORD is obligated to maintain a reserve fund for replacement (the "FHA Reserve Fund"), held by the Mortgagee, from which disbursements for certain costs may be authorized by HUD pursuant to guidelines set forth in FHA Handbook 4350.1, Rev. 1, Chapter 4 (the "FHA Standards"). LANDLORD hereby assigns to TENANT the right to utilize the FHA Reserve Fund during the term of this Lease for the discharge of TENANT's repair and replacement obligations. TENANT shall pay to LANDLORD, in addition to Net Rent and other items required to be paid by TENANT as set forth in this Lease, the amount which LANDLORD is required to pay into the FHA Reserve Fund; LANDLORD shall make all required payments into the FHA Reserve Fund; and shall provide TENANT with verification of such payment and the balance in the FHA Reserve Fund at any time at TENANT's request. LANDLORD shall cooperate with and assist TENANT in seeking authorization to use the FHA Reserve Fund for the purpose for which it was established. TENANT acknowledges that HUD authorization for use of the FHA Reserve Fund is generally available only for capital items and not for routine maintenance. TENANT's duty to pay for all necessary repairs, maintenance, and capital improvements is not limited to or conditioned upon the availability of funds from the FHA Reserve Fund. Interest accruing on the FHA Reserve Fund during the term of this Lease shall be retained in the FHA Reserve Fund, but, notwithstanding that the Mortgagee shall report such interest as income of LANDLORD, shall, by virtue of the availability of such funds to TENANT, be (and shall) in the tax returns of LANDLORD and TENANT be treated as) income to TENANT (and an expense to LANDLORD, to the extent necessary to offset interest income which LANDLORD shall be deemed to have received by reason of interest earned upon the FHA Reserve Fund). Upon termination of this Lease, TENANT shall cease to have any interest in the FHA Reserve Fund; provided, that TENANT shall be entitled, if approval is granted by HUD, to the recovery of any amount advanced by TENANT for repairs to the Leased Property, provided that the request for reimbursement from the FHA Reserve Fund for such advance shall have been forwarded by TENANT to LANDLORD within thirty (30) days of payment by TENANT of such amount.

24.5 In the event that the Leased Premises are not subject to a HUD Mortgage, TENANT shall, as a component of Additional Rent, make payment each month to the Escrow Agent as set forth in the Escrow and Security Agreement which shall be executed with respect thereto in the form set forth as Exhibit H to the Agreement To Lease. As set forth in further detail in the Escrow And Security Agreement, TENANT may request disbursement from the fund held by the Escrow Agent (the "Escrow Fund") for reimbursement for payments made by TENANT for the cost of capital improvements and repairs of the Leased Premises for which TENANT is responsible under this Lease, and LANDLORD shall approve such requests if such draw would be authorized from an FHA Reserve Fund under the FHA Standards. TENANT shall not request the Escrow Agent to dispense funds without having received LANDLORD's written approval of such disbursement. Interest earned on the Escrow Fund shall belong to TENANT, and TENANT shall, upon expiration of the Lease, cease to have any interest in the Escrow Fund, in the same manner as described as to the FHA Reserve Fund in Section 24.4 above (but provided that compliance

with the FHA Standards, rather than approval by HUD, shall be the determinant of any right on the part of TENANT to reimbursement from the Escrow Fund for previously advanced and unreimbursed expenditures after the end of the term of this Lease). In the event that LANDLORD terminates the Escrow Agreement and receives the Escrow Fund, without any breach by TENANT of its duties under this Lease or the Escrow Agreement, TENANT shall offset the amount of the Escrow Fund received by LANDLORD from the next installment or installments of Net Rent or Additional Rent due.

24.6 In the event that TENANT does not have the benefit of an existing FHA Reserve Fund to cover necessary capital improvements and other costs for which draws from an FHA Reserve Fund would be authorized under the FHA Standards, LANDLORD shall be responsible for a portion of the cost of the Major Repairs as set forth in the addendum hereto. The estimated timing and cost of the Major Repairs, as identified therein notwithstanding, LANDLORD shall be responsible for a portion of the cost of Major Repairs determined by a fraction, the numerator of which is the length of time from the date that the Facility (or the addition to the Facility, if the repair relates to an addition rather than part of the original building) constituting the Leased Premises was completed (or the date the expense in question is to re-repair a component of the Leased Premises repaired subsequent to the date of initial completion, the date that the original repair cost was incurred) to the Date of Possession, and the denominator of which is the combination of the numerator plus the length of time from the Date of Possession to the date that such repair is commenced. At the time the repair is necessary, TENANT shall complete the repair using its own funds or funds from the Escrow Fund, and shall provide LANDLORD with proof of the completion of the repair and the cost thereof. LANDLORD shall reimburse TENANT within ten (10) days after notice from TENANT of the completion of the repair and the sum established as LANDLORD's responsibility. In the event that LANDLORD does not reimburse TENANT or replenish the Escrow Fund with LANDLORD's applicable portion of such cost within thirty (30) days after notice, TENANT shall, in addition to other remedies available at law, be entitled to reimburse itself or replenish the Escrow Fund by setting off LANDLORD's share against the Net Rent next due, provided, that if funds have been withdrawn from the Escrow Fund for such repair, LANDLORD's portion thereof shall be paid to the Escrow Fund rather than to TENANT for its unrestricted use.

25. NOTICES

Whenever it is provided herein that notice, demand, request or other communication shall or may be given to, or served upon, either of the parties by the other, and whenever either of the parties shall desire to give or serve upon the other any notice, demand, request or other communication with respect hereto or the Leased Premises, each such notice, demand, request or other communication shall be in writing and, any law or statute to the contrary notwithstanding, shall be given or served as follows:

A. If given or served by LANDLORD, by mailing the same to TENANT by registered or certified mail, postage prepaid, return receipt requested, addressed to TENANT at:

Nationwide Care, Inc.
9200 Keystone Crossing, Suite 800
Indianapolis, Indiana 46240
Attention: President
Telecopy: 317-574-3197

With a copy to:
Marcus B. Chandler
Ice, Miller, Donadio & Ryan
One American Square
Indianapolis, Indiana 46282
Telecopy: 317-236-2219

and copy to TENANT at the Leased Premises, or at such other address as TENANT may from time to time designate by notice given to LANDLORD by registered certified mail.

(B) If given or served by TENANT, by mailing the same to LANDLORDS by registered or certified mail, postage prepaid, return receipt requested, addressed to LANDLORD:

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Health Quest Group
315 West Jefferson Boulevard
South Bend, Indiana 46601
Attention: Lawrence H. Garatoni
Telecopy: 219-232-5123

With a copy to:
Health Quest Group
315 West Jefferson Boulevard
South Bend, Indiana 46601
Attention: General Counsel
Telecopy: 219-288-7552

or at such other address or addresses and to such other person or firm as LANDLORD may from time to time designate by notice given to TENANT as herein provided.

Every demand, notice, request or other communication hereunder, served by mail, shall be deemed to have been given or served for all purposes hereunder seventy-two (72) hours from the time that the same shall be deposited in the United States mails, postage prepaid, in the manner aforesaid. Every communication sent by facsimile transmission shall be deemed to have been served when sent, provided that confirmation is received by telephone of the receipt thereof. Any notice given by means other than as set forth above shall constitute effective notice for purposes of this Agreement and the Related Agreements, but shall be deemed received only upon the actual receipt by the recipient.

26. QUIET ENJOYMENT AND OTHER LANDLORD COVENANTS

The LANDLORD covenants and agrees to and with the TENANT, its successors and assigns, that, the Net Rent and Additional Rent being paid in the manner and at the times herein provided and the obligations on the part

of the TENANT being substantially and singularly kept, fulfilled and performed, the TENANT shall lawfully and peaceably have, hold, enjoy and occupy the Leased Premises and possess the Facility Equipment and Supplies hereby leased during the term herein specified, subject to the terms hereof, and the LANDLORD hereby warrants and defends the TENANT in its possession of the Leased Property against the claims of all persons whomsoever.

27. COVENANT TO YIELD POSSESSION

27.1 Except as herein otherwise provided, the TENANT shall on the last day of the term or any extension thereof, or upon the sooner termination of said term, peaceably and quietly surrender and deliver up to LANDLORD the Leased Premises, including all buildings, alterations, rebuildings, replacements, changes, additions and improvements constructed, erected, added or placed by the TENANT thereon, together with all Facility Equipment and suitable Supplies, in the condition and as required in Section 29 and Section 33 hereof. Except as provided herein, the Leased Premises delivered by the TENANT to the LANDLORD at the end of the Term shall be in substantially the same condition as at the Date of Possession, except as consented to in writing by LANDLORD. TENANT shall cooperate with LANDLORD in the transfer of employees (both licensed and unlicensed) in the Facility, to the employ of LANDLORD or LANDLORD's nominee, the transfer of all patient trust funds held by TENANT to LANDLORD or LANDLORD's nominee, and the transfer of all patient records to the LANDLORD, or any party designated by LANDLORD.

27.2 If the TENANT retains possession of the Facility or Facility Equipment after termination of this Lease Agreement by lapse of time or otherwise without the written consent of LANDLORD, the TENANT shall pay the LANDLORD, in order to compensate LANDLORD for TENANT's wrongful withholding of possession for and during such time as TENANT remains in such possession, an amount calculated at 150% of the Net Rent in effect immediately prior to such termination for the first month of such possession and at double the rate of such Net Rent thereafter, plus all other charges due pursuant hereto, plus all damages sustained by LANDLORD by reason of TENANT's wrongful retention of possession.

28. ESTOPPEL CERTIFICATES

28.1 The TENANT agrees at any time and from time to time upon not less than ten (10) days prior written notice by the LANDLORD, that the TENANT will execute, acknowledge and deliver to LANDLORD a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), and the dates to which the Net Rent and Additional Rent have been paid; whether or not to the best knowledge of TENANT, the LANDLORD is in default in keeping, observing or performing any term, covenant, agreement, provisions, condition or limitation contained in this Lease and, if in default, specifying such default, and stating whether or not within the knowledge of the TENANT there are then any setoffs or defenses in favor of the TENANT against the enforcement of any of the terms, covenants or conditions of this Lease by the LANDLORD, and, if so, specifying the same; it being intended that any such statement delivered pursuant to this Section 28 may be relied upon by

the LANDLORD, any Mortgagee or prospective mortgagee holding or anticipating the acquisition of a Mortgage on the Leased Premises, or any transferee of LANDLORD's interest in the Lease.

28.2 The LANDLORD agrees at any time and from time to time upon not less than ten (10) days prior written notice by the TENANT that the LANDLORD will execute, acknowledge and deliver to TENANT a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the Lease is in full force and effect as modified and stating the modifications), and the dates to which the Net Rent and other charges have been paid, whether or not to the best knowledge of the LANDLORD; the TENANT is in default in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease and, if the TENANT shall be in default, specifying each such default of which LANDLORD may have knowledge; it being intended that any such statement delivered pursuant to this Section may be relied upon by TENANT or TENANT's creditors.

29. REPLACEMENT OF NURSING HOME EQUIPMENT BY TENANT

29.1 Subject to any obligation of LANDLORD for contribution, as described in Section 24.6, TENANT shall maintain, repair and keep in good working order and, if necessary, replace the property of the Facility Equipment during the term of this lease and any extensions hereof. Subject to the exception stated in Section 14.3 as to Facility Equipment neither reasonably necessary for operation of the Facility nor necessary as replacement of LANDLORD's items to which TENANT has taken possession, as further clarified in Section 29.4, all property placed by TENANT upon the Leased Premises shall become and remain the property of the LANDLORD and shall not be removed from the Leased Premises by the TENANT upon the termination of this Lease. The TENANT shall pay all ad valorem taxes assessed against the Facility Equipment and replacements thereof. Upon the termination of this Lease, the Facility Equipment and any replacements shall be returned to the LANDLORD in as good condition as on the Date of Possession, ordinary wear and tear, depreciation and damage by any casualty or contingency covered by insurance excepted.

29.2 So long as the TENANT is not in Default under this Lease, the TENANT may sell or otherwise dispose of any item of the Facility Equipment so long as the TENANT shall promptly replace the same with other property of the same character and value as the item of the Facility Equipment disposed of, and provided such items shall not be acquired through any financing arrangements calling for payments over time unless LANDLORD is given a priority lien with respect to such items and consents to such an acquisition in writing.

29.3 If any item of Facility Equipment cannot be repaired in a first class workmanlike manner, TENANT shall replace such items with another similar item of the same character and value as the item of Facility Equipment disposed of.

29.4 As provided in Section 14.3, all personal property and equipment of the TENANT maintained on the Leased Premises for the convenience of TENANT which is not a replacement of the Facility Equipment furnished by LANDLORD or reasonably necessary for the operation of the Facility in the

manner in which it is then being operated, and which is removable without significant damage to the Leased Premises, shall remain the property of TENANT and be at the risk of TENANT; provided, that TENANT shall supply a list of such property to LANDLORD, and shall amend such list to reflect any material addition thereto or reduction thereof ("material", for purposes hereof, referring to changes involving an increase or decrease of more than \$1,000 in value). In the event that LANDLORD disagrees with the TENANT's characterization of any of such property as non-replacement (i.e., not necessary to replace Facility Equipment received by TENANT on the Date of Possession) or optional (i.e., not reasonably necessary for the operation of the Facility), LANDLORD shall give written notice to TENANT, within thirty (30) days after LANDLORD's receipt of such list or amendment thereto, of the items as to which LANDLORD disagrees. Any dispute as to the classification of an item shall be resolved by arbitration as provided in Section 55. Any listed item to which LANDLORD does not give such notice, and any disputed item ultimately determined to be both optional and non-replacement, shall be exempt from the lien of LANDLORD described in Section 30.

29.5) A list of all Facility Equipment at the Leased Premises as of the Date of Possession shall have been compiled by LANDLORD and submitted to TENANT for approval prior to the Lease Date. Such list, and any photographic evidence as referred in Section 4.04 of the Agreement To Lease, shall serve as the basis for determining TENANT's duties for replacement. The list as approved shall be attached as an exhibit hereto.

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30. LANDLORD'S LIEN

Subject to Section 29.4, the LANDLORD shall have and is hereby granted a valid first lien upon all goods, chattels, furniture, equipment and things which the TENANT may have or own thereon at any time during the term of this Lease and any extension thereof, as well as the proceeds of any insurance accruing to TENANT by reason of the destruction of, or damage to, any such property to secure such Net Rent and other sums payable by the TENANT hereunder, any and all exemption laws being hereby expressly waived in favor of said lien. It is agreed that such express lien shall not be construed as a waiver of any statutory lien which may be given the LANDLORD, but shall be additional thereto, provided the LANDLORD's lien shall be subordinate to the outstanding Mortgage(s) now on the Leased Premises. In the event that default be made in the payment of any installment of Net Rent or other sums due hereunder or herein reserved, or any part or parts thereof, when the same become due, and if said default continues for a period in excess of the time permitted under Section 23 herein, the LANDLORD may take possession of said property of any part thereof, and sell or cause the same to be sold at public or private sale, with or without notice, to the highest bidder for cash, and apply the proceeds of said sale toward the cost thereof and toward the debt and/or damages as aforesaid.

31. ASSIGNMENT OF WARRANTIES

The LANDLORD hereby assigns to the TENANT for the duration of the Lease, all of LANDLORD's right, title and interest in and to any and all warranties, maintenance contracts, or other commitments ("Warranty") applicable to the Facility or the Facility Equipment to which LANDLORD is a party. The LANDLORD agrees to execute and deliver to TENANT, at TENANT's

request, any document necessary to evidence such assignment as to a specific Warranty.

32. SUPPLIES

32.1 The LANDLORD shall have sold and conveyed to TENANT, as of the Date of Possession and prior to the Lease Date, all of LANDLORD's right, title and interest in and to any and all Supplies located on the Date of Possession in and upon the Leased Premises and used in connection with the operation of the Leased Premises as a licensed nursing facility, constituting, at minimum, sufficient Supplies to operate the Facility in the ordinary course of business for at least one (1) week. An inventory, taken pursuant to the Agreement To Lease (excluding Unopened Inventory as defined in the Agreement To Lease), shall be attached as Exhibit C hereto.

32.2 On the Return Date, TENANT shall convey to LANDLORD Supplies of a quantity equal to the quantity of Supplies delivered to TENANT by LANDLORD on the Date of Possession as evidenced by such inventory ("Delivered Supplies"). If the quantity of the Supplies delivered by TENANT to LANDLORD on the Return Date ("Returned Supplies") is less than the quantity of the Delivered Supplies, TENANT shall pay LANDLORD the amount necessary to replace such difference on the Return Date. If the quantity of the Returned Supplies is greater than the quantity of the Delivered Supplies, LANDLORD shall pay TENANT the amount necessary to reimburse TENANT for the excess on the Return Date. Supplies shall be valued at the transferor's acquisition cost.

33. PRO-RATIONS AND ADJUSTMENTS

33.1 To the extent that TENANT receives any benefit in the operation of the Facility, whether in its own right after the Commencement Date or prior thereto as agent for the prior lessee of the Facility, from any prepaid expenses, or to the extent that TENANT succeeds to the position of LANDLORD or the prior lessee with respect to deposits for utilities (including, without limitation, telephone, water, gas, electricity, or sewer charges), TENANT shall pay LANDLORD the amount thereof (the "Prepaid Expenses"). Any payables, charges, expenses, costs, taxes or assessments accruing prior to the Date of Possession ("Accrued Expenses"), if paid by TENANT, shall be an offset against the Prepaid Expenses. The excess of Prepaid Expenses over Accrued Expenses paid by TENANT, or the excess of Accrued Expenses paid by TENANT over Prepaid Expenses, as the case may be, shall be paid by TENANT to LANDLORD (if the former) or LANDLORD to TENANT (if the latter), in cash, within forty-five (45) days after the Date of Possession.

33.2 To the extent that LANDLORD or a subsequent lessee receives any benefit in the operation of the Facility after the Return Date from any expenses prepaid by TENANT applicable to the period after such date, or to the extent that LANDLORD or any subsequent lessee succeeds to the position of TENANT with respect to utilities (including without limitation those examples given in Section 33.1), LANDLORD shall pay TENANT the amount thereof as provided herein. Any payables, charges, expenses, costs, taxes or assessments accruing prior to the Return Date, if paid by LANDLORD or the subsequent lessee, shall be paid by TENANT to LANDLORD. The obligations of

LANDLORD to TENANT, and TENANT to LANDLORD as described above shall be calculated on a net basis, and paid by TENANT to LANDLORD or LANDLORD to TENANT, as the case may be, within forty-five (45) days after the Return Date.

33.3 TENANT shall be responsible for all costs accruing during the Possession Period, and not for any costs accruing prior or subsequent to the Possession Period. TENANT shall hold LANDLORD harmless from any cost from the operation of the Facility or any Tax upon the Leased Premises, Facility Equipment, or Supplies accruing during the Possession Period; LANDLORD shall hold TENANT harmless from any such cost accruing before or after the Possession Period.

33.4 For purposes of determining Accrued Expenses and Prepaid Expenses under Section 33.1, and the corresponding accrued and prepaid amounts under Section 33.2, all expenses relating to employees working at the Facility (including without limitation, wages, taxes, vacation pay, sick pay, medical benefit costs, and any other compensation), shall be determined only with respect to those persons employed by both the outgoing lessee or occupant and the incoming lessee or occupant of the leased Premises.

34. REPRESENTATIONS AND WARRANTIES OF LANDLORD:

34.1 LANDLORD has duly approved the Lease in accordance with law and the execution and delivery hereof has been authorized by its general partner(s).

34.2 Except as set forth in the report of the most recent annual survey performed by the Indiana State Department of Health, a copy of which has been provided to TENANT, there have been no notices of violation of any applicable law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or occupancy of the Leased Premises issued by any governmental agency having jurisdiction over the Premises or by any other person entitled to enforce the same.

34.3 LANDLORD represents and warrants that it is the owner of the Leased Premises and the Facility Equipment entitled to the sole and exclusive possession thereof and has a good marketable, and sufficient title to the Premises and Facility Equipment, free and clear of all liens, encumbrances, covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, and any other matters affecting title to the Property, which would impair or restrict TENANT's use or possession of the Facility or Facility Equipment for the purposes permitted under this Lease Agreement.

34.4 There is no pending or, to the best knowledge of LANDLORD, contemplated condemnation of the Leased Premises, or any part thereof.

34.5 There is no suit, action or other proceeding which is pending or threatened before any court or other governmental agency by which any person seeks to restrain or prohibit the consummation of the transaction herein contemplated.

34.6. The legal description of the Leased Premises set forth in Exhibit B hereto is a complete and accurate legal description of the Real Estate.

34.7. The zoning of the Leased Premises permits the presently existing improvements and the continuation of the business presently being conducted on such Leased Premises.

34.8. LANDLORD will cause TENANT to receive all machinery, equipment, furniture, supplies, and all other tangible personal property, heretofore or hereafter located at the Facility (but excluding items expressly excluded from the definition of Facility Equipment) owned by or in the possession of or used by LANDLORD in connection with the business of the Leased Premises as now conducted.

35. REPRESENTATIONS AND WARRANTIES OF TENANT

35.1. TENANT has duly approved the Lease contemplated herein and has authorized the execution and delivery hereof by a duly elected and acting officer. No further corporate action on the part of TENANT is required for the approval of this Lease and the transaction contemplated hereby.

35.2. TENANT agrees to hold LANDLORD harmless from any claim or loss arising from the duty to provide care to residents of the Facility after the Date of Possession.

35.3. TENANT agrees to assume all accounts payable for Supplies and other goods or equipment received on the Leased Premises subsequent to the Date of Possession, and for services rendered and performed subsequent to the Date of Possession.

36. LANDLORD'S OBLIGATIONS BEFORE DATE OF POSSESSION

LANDLORD agrees, between the date hereof and the Date of Possession:

36.1. To allow TENANT, its agents and attorneys, access to the Leased Premises for the purpose of inspecting the same or any part thereof at such times as they shall reasonably request; and to furnish to TENANT, its agents and attorneys, copies of all mortgages, land contracts, and any and all documents, leases, service contracts or other commitments, and all data and information in its possession concerning the operation of the Facility, as the TENANT, its agents or attorneys, shall reasonably request from time to time.

36.2. Not to execute any new lease of all or any portion of the Premises without TENANT's prior written consent.

36.3. To cause full compliance to occur with all instruments of record affecting the Leased Premises or any part thereof, at any time in force, provided, however, that this Section 36.3 shall not apply to any provision in any Mortgage which purports to restrict or limit the right of LANDLORD to enter into this Lease Agreement.

37. CONDITIONS PRECEDENT TO TENANT'S PERFORMANCE

The obligations of TENANT under this Lease are subject to the satisfaction, at or before the Date of Possession, of all the conditions set out below in this Section 37. TENANT may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by TENANT of any of its other rights or remedies, at law or in equity, if LANDLORD shall be in default of any of its representations, warranties or covenants as set forth in this Lease; further provided, that TENANT may, in its discretion, waive any condition hereof on a temporary basis without prejudice to its right at a later date to terminate this Lease based on the failure of any such condition.

37.1 All representations and warranties by the LANDLORD in this Lease shall be true on and as of the Date of Possession as though made at that time.

37.2 LANDLORD shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Lease to be performed or complied with by it.

37.3 TENANT shall have received, at LANDLORD's expense, a commitment to insure TENANT's leasehold interest in the leased premises, (the policy amount of which shall be \$5,000), demonstrating that the Leased Premises are not subject to encumbrances other than Permitted Encumbrances, as defined in the Agreement To Lease.

38. CONDITIONS PRECEDENT TO LANDLORD'S PERFORMANCE

The obligations of LANDLORD under this Lease are subject to the satisfaction, at or before the Date of Possession, of all the conditions set out below in this Section 38. LANDLORD may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by LANDLORD of any of its other rights or remedies, at law or in equity, if TENANT shall be in substantial default of any of its representations, warranties or covenants under this Lease; provided further, that LANDLORD may, in its discretion, waive any condition hereof on a temporary basis, without prejudice to its right at a later date to terminate this Lease based on the failure of any such condition.

38.1 All representations and warranties by TENANT contained in this Lease shall be true on and as of the Date of Possession as though such representations and warranties were made on and as of that date.

38.2 TENANT shall have performed and complied with all covenants and agreements, and satisfied all conditions that it is required by this Lease to perform, comply with or satisfy, before or at the Date of Possession.

39. BREACH OF REPRESENTATIONS

39.1 LANDLORD agrees to indemnify and hold TENANT harmless against any loss, damage or expense, including the cost of litigation, if any, resulting from the inaccuracy of any representation or warranty of LANDLORD contained herein or from any failure on the part of LANDLORD to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be complied with or performed. Notwithstanding any provision herein to the contrary, if TENANT has obtained an arbitration award pursuant to Section 55 for a claim arising out of any claim to which it is entitled to indemnification hereunder and has not received payment from LANDLORD within a reasonable period of time, then TENANT may upon written notice to LANDLORD offset the amount of such award against the monthly instalments of Net Rent to be paid to LANDLORD hereunder.

39.2 TENANT agrees to indemnify and hold LANDLORD harmless against any loss, damage or expense, including the cost of litigation, if any, resulting from the inaccuracy of any representation of TENANT contained herein or any failure on the part of TENANT to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be complied with or performed.

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40. MODIFICATION OR ALTERATION OF LEASE

It is agreed that no modification of the provisions, covenants, conditions and terms of this Lease shall become effective unless such modifications are specifically covered by written agreement which has been signed by both LANDLORD and TENANT.

41. PARTIAL INVALIDITY

If any non-material term or non-material provision of this Lease or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, and so long as the omission of such term or provision does not materially alter the intention of the parties, as set forth herein, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

42. FORCE MAJEURE

Whenever TENANT or LANDLORD shall be required by the terms of this Lease or by law to perform any contract, act, work, labor or services, or to discharge any lien against the Leased Premises, or to perform and comply with any laws, rules, orders, ordinances, regulations or zoning regulations, neither TENANT nor LANDLORD shall be deemed to be in default herein and neither party shall enforce or exercise any of its rights under this Lease, if and so long as non-performance or default herein shall be directly caused by strikes, non-availability of materials, war or national defense

pre-emptions, governmental restrictions, acts of God, or other similar causes beyond the reasonable control of the party of whom performance is required; provided, however, that notwithstanding any of the provisions of the foregoing, said party shall in any event pay any sum of money required to discharge any lien incurred by said party if at any time the Leased Premises, or any part thereof, shall be in danger of being foreclosed, forfeited or lost and said party shall commence such performance and continue the same with diligence and continuity immediately after the removal of any of the causes hereinabove specified.

43. GOVERNING LAW

This agreement shall be construed in accordance with, and its performance shall be governed by, the laws of the State of Indiana.

44. SHORT FORM LEASE AND COUNTERPARTS

44.1 The parties hereto may execute and deliver a short form memorandum of lease for the purpose of recording, but the parties further agree that the terms, covenants and conditions of this Lease shall govern.

44.2 The parties hereto have simultaneously executed, acknowledged and delivered four copies of this lease, each of such counterparts is in all respects identical and is to be deemed complete in itself and any one of which may be introduced in evidence or used for any purpose without the introduction of any counterparts thereof.

45. BROKER'S COMMISSION

45.1 LANDLORD agrees to save, indemnify and hold TENANT harmless from and against any and all claims, liabilities or obligations for brokerage or finder's fees or commissions in connection with this Lease or the transactions contemplated hereby, asserted by any person on the basis of any statement or act alleged to have been made or taken by LANDLORD.

45.2 TENANT agrees to save, indemnify and hold LANDLORD harmless from and against any and all claims, liabilities or obligations for brokerage or finder's fees or commissions in connection with this Lease or the transactions contemplated hereby, asserted by any person on the basis of any statement or act alleged to have been made or taken by TENANT.

46. SUCCESSORS AND ASSIGNS

All of the terms, covenants and conditions herein contained shall inure to the benefit of and be binding upon the LANDLORD, its successors and assigns, and the TENANT, its successors and assigns, and those who at any time shall be the owners of the land or of the leasehold estate hereby created respectively; provided, however, that no transfer by or through the TENANT of any interest under this Lease, whether by its own act, operation of law or otherwise in violation of any of the provisions of this Lease, shall confer any rights upon such transferee.

47. INDEMNIFICATION:

47.1 TENANT agrees, with the exception of claims arising from latent structural defects in the Leased Premises as of the Date of Possession, and except for matters which are the subject of the warranties, representations or agreements of LANDLORD as set forth in this Lease or other documents executed in connection herewith, to indemnify and forever save harmless LANDLORD against and from any and all liability, penalties, losses, damages, costs, expenses, causes of action, claims or judgments (whether relating to any person or to property, both real or personal) by and on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management of or from any work or thing whatsoever done or omitted to be done in or about the Leased Premises and Facility Equipment, or omission thereof from and after the Date of Possession to the Return Date, and will further indemnify and save LANDLORD harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising during the term of this Lease from any condition of the Leased Premises or any street, curb, or sidewalk adjoining the Leased Premises, or any passageways or spaces therein or appurtenant thereto, or arising from any breach or default on the part of TENANT in the performance of any covenant or agreement of TENANT to be performed pursuant to the terms of this lease, or arising from any act of negligence of TENANT, or of any of its agents, contractors, servants, employees, sublessees, or licensees, or arising from any accident, injury, or damage whatsoever caused to any person, firm or corporation in or about the Leased Premises or upon, or under the sidewalks and the land adjacent thereto, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought against LANDLORD by reason of any such claim. TENANT, upon notice from LANDLORD, covenants to resist or defend such action or proceeding. This indemnity shall not extend to injury, damages or loss caused by LANDLORD, its agents, invitees, licensees or employees.

47.2 LANDLORD agrees, to indemnify and forever save harmless TENANT against and from any and all liability, penalties, losses, damages, costs, expenses, causes of action, claims or judgments (whether relating to any person or to property, both real or personal) by and on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management of or from any work or thing whatsoever done or omitted to be done in or about the Leased Premises and Facility Equipment from and after the Termination Date and prior to the Date of Possession, and will further indemnify and save TENANT harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising prior to or following the Period of Possession, from any condition of the Leased Premises or any street, curb, or sidewalk adjoining the Leased Premises, or any passageways or spaces therein or appurtenant thereto, or arising from any breach or default on the part of LANDLORD in the performance of any covenant or agreement of LANDLORD to be performed pursuant to the terms of this Lease, or arising from any act of negligence of LANDLORD, or of any of its agents, contractors, servants, employees, sublessees, or licensees, or arising from any accident, injury, or damage whatsoever caused to any person, firm or corporation in or about the Leased Premises or upon or under the sidewalks and the land adjacent thereto, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought against TENANT by reason of any such claim. LANDLORD upon notice

from TENANT covenants to resist or defend such action or proceeding. This indemnity shall not extend to injury, damages of loss caused by TENANT, its agents, invitees, licensees or employees.

48. CONSENTS AND APPROVALS

48.1 Except where expressly provided (as by reference to a matter being within LANDLORD's discretion), LANDLORD covenants that in any case where the provisions of this Lease require the consent or approval of LANDLORD it will not unreasonably withhold or delay such consent or approval; and in any case where TENANT is required to do anything to the satisfaction of or satisfactory to LANDLORD, LANDLORD shall not unreasonably decline to express its satisfaction with such action of TENANT.

49.2 Except where expressly provided (as by reference to a matter being within TENANT's discretion), TENANT covenants that in any case where the provisions of this Lease require the consent or approval of TENANT it will not unreasonably withhold or delay such consent or approval; and in any case where LANDLORD is required to do anything to the satisfaction of or satisfactory to TENANT, TENANT shall not unreasonably decline to express its satisfaction with such action of LANDLORD.

49. RELATIONSHIP OF THE PARTIES

LANDLORD is not for any purpose a partner or joint venturer of TENANT in the operation of the Leased Premises or any business conducted on the Leased Premises. Except as expressly provided herein, LANDLORD shall not under any circumstances be responsible or obligated for any losses or liabilities of TENANT.

50. NUMBER OF BEDS

Anything set forth in this Lease Agreement to the contrary notwithstanding, neither the LANDLORD nor the TENANT shall voluntarily reduce the number of licensed beds located in the Facility without the prior written approval of the other party. If any federal, state or local governmental agency, body or authority attempts to reduce the number of licensed beds located in the Facility, TENANT shall fully cooperate with the LANDLORD's efforts to prevent the reduction. If such involuntary reduction of beds in any of said Facilities shall occur during the term of this Lease Agreement, and any extension hereof, this Lease Agreement shall continue in full force and effect, except that the number of beds used for purposes of calculating the Net Rent shall be reduced by an amount equal to the total number of licensed beds that have been eliminated from the Facility.

51. RIGHT OF CROSS DEFAULT

The breach by any of LANDLORD's affiliates of any covenants, representations, warranties, obligations or agreements contained in any of the Other Leases, if constituting a breach thereof, shall constitute an Event of Default under this Lease. The breach by TENANT of any of TENANT's covenants, representations, warranties, obligations or agreements contained

in any of the Other Leases, if constituting an Event of Default thereunder, shall constitute an Event of Default under this Lease.

52. RIGHT OF FIRST REFUSAL

52.1 LANDLORD hereby gives to TENANT the right of first refusal to purchase the Facility or Facility Equipment, or to lease the Facility and Facility Equipment for a period subsequent to the term of this Lease, on the same terms and conditions as offered by any other bona fide offerer during the term of this Lease which LANDLORD proposes to accept. The said offerer shall not be related to, affiliated with or under common control with LANDLORD, or any of the parties involved in the Other Leases. LANDLORD shall give to TENANT written notice that it contemplates sale or lease of the Facility or Facility Equipment and the terms and conditions of any such bona fide offer which it finds satisfactory, and TENANT shall be given thirty (30) days after receipt of such written notice within which to exercise in writing the right herein to acquire or lease the Leased Property on substantially the same terms and conditions. In the event of the failure of the TENANT to accept such offer within the thirty (30) day period as herein provided, then the privilege herein given of right of first refusal shall thereafter be null and void as to such offer only and the LANDLORD shall be at liberty to sell or lease the Facility or Facility Equipment to the other offerer within the next succeeding one (1) year period. Such sale or lease, however, shall be subject to this Lease and all of the terms, covenants and conditions hereof. The LANDLORD may not effect a sale or lease on terms which vary in any material respect from that offered to TENANT.

52.2 Notwithstanding the above, TENANT's right of first refusal hereunder shall terminate six months prior to the end of the Scheduled Lease Term, or immediately upon any Event of Default even if this Lease shall not have been terminated. In the event that any such offer involves other property as well as the Leased Property (including but not limited to any or all of the Other Facilities), TENANT shall be required to accept such offer as to all or none of the property included, and may not exercise such right solely as to a portion thereof.

53. ALL REPRESENTATIONS SURVIVE COMMENCEMENT DATE

All representations and warranties of the parties shall survive until the first anniversary of the Commencement Date.

54. NO INTENT OF PARTIES TO IMPAIR THE SECURITY OF ANY MORTGAGE

By the execution of this Lease Agreement, the parties to this Lease Agreement have not intended to impair the security of any Mortgagee under any Mortgage on the Premises.

55. ARBITRATION

All disputes relating to or arising out of this Agreement, including the arbitrability of a dispute, shall be solely and finally settled by

arbitration in accordance with the rules of the American Arbitration Association. Indiana law shall govern all disputes. The prevailing party in such arbitration shall be entitled to receive from the other party its costs of arbitration, including reasonable attorney's fees as the arbitrator determines. The venue for such arbitration shall be in Indianapolis, Indiana.

56. SECURITY DEPOSIT

Within one month after signing this Lease, TENANT shall have paid to LANDLORD the sum of \$2,000 per bed as set forth in the recitals at page one above (the "Security Deposit"). Said Security Deposit shall be returned to TENANT as hereinafter provided, at the termination of the Lease, without interest except as paid pursuant to the Agreement To Lease, provided TENANT is not then in default hereunder and provided further that from the Security Deposit, LANDLORD shall be entitled to deduct any amount of money reasonably required to restore the Leased Property to the condition in existence on the Date of Possession. If, after the date of execution of this Lease, this Lease shall be terminated as the result of an Event of Default by TENANT, then TENANT's Security Deposit shall at the option of LANDLORD and in addition to any other remedies of the LANDLORD be retained by the LANDLORD to the extent of LANDLORD's loss by reason of such breach. In any other termination of this Lease, including without limitation termination as a result of condemnation or destruction of the Leased Premises, the Security Deposit shall be returned to TENANT forthwith.

IN WITNESS WHEREOF, the parties hereunto have executed this Lease the day and year first above written.


TENANT:

NATIONWIDE CARE, INC.

By: 

LANDLORD:

HEALTH QUEST REALTY VIII


Lawrence H. Garatoni
General Partner



LUCAS2.LA/NATIONWI.NB/24

Regulatory Agreement Nursing Homes

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Project Number 073-43069-PH-1C		Mortgage Society Bank, f/k/a St. Joseph Bank and Trust Company (Assignee of Blyth Eastman Paine Webber Health Care Fund, Inc.)	
Amount of Mortgage Note \$3,518,800.00 (originally \$3,861,100.00; modified December 9, 1983)		Date October 18, 1982	
Mortgage Recorded (State) Indiana	County Lake	Date October 18, 1982	
Book Document No. 684415; Modification Recorded 12-9-83 as Document No. 736999; Assignment Recorded 10-18-82 as Instrument No. 684419		Page Document No. 736999; Assignment Recorded 10-18-82 as	

This Agreement entered into this 4th day of November, 1982,
between Nationwide Care, Inc.
whose address is 9200 Keystone Crossing, Suite 800, Indianapolis, Ill. 46240

(Jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner):
In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Health Quest Realty, VIII, Mortgagor,
and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto,
Lessees agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon
and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the
owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:



- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor shall be sufficient to pay all mortgage payments, including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If, at the end of any calendar year, or any fiscal year, if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;
- (4) The lessee shall not sublease the project or any part thereof without the consent of the Commissioner;
- (5) The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property, or subtract from any real or personal property of the project;
- (8) Lessee shall not use the project for any purpose except the operation of a nursing home;
- (9) If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner on the 18th day of October, 1982, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner;
- (10) The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period.
- (11) The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project.

(12) The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement.

(13) The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.


(14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner, or his/her duly authorized agents.

(15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed, or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified;

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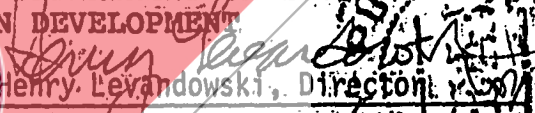
STOP

NATIONWIDE CARE, INC.



By: 
Thomas E. Philippe, Jr.

TITLE: _____
President

U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

By: 
Henry Levandowski, Director

Housing Management Division
(printed name and title)

**Instructions to Closing Attorney,
Regulatory Agreement—form HUD-92466-NHL
Nursing Homes—Section 232**

This Regulatory Agreement must be executed by the Lessee and the Commissioner and recorded before the Note is endorsed for insurance.

Note that there is space left on the back of the printed form for proper execution of the instrument.

The execution by the Commissioner and by the Lessee must be in accordance with the requirements of the jurisdiction where the project is located and must permit the instrument to be recorded.

The Agreement is to be executed in the name of the Commissioner. It will be signed for the Commissioner by the Field Office Manager or authorized agent who endorses the Note for insurance.

Recording must be at the expense of the mortgagor-owner or lessee.

Sufficient space is left on the back for the insertion of any necessary additional provisions. Any changes in the Agreement and any substantial additions shall receive the prior approval of the Assistant Secretary for Housing.

A copy of the Commissioner-approved lease shall be attached to this Regulatory Agreement. If the lease has already been filed or recorded, re-recording will be unnecessary, and a copy of the recorded lease (with recording data) will be attached following recording of the form HUD-92466-NHL.

The Agreement must be executed by the Lessee prior to execution by the Commissioner.

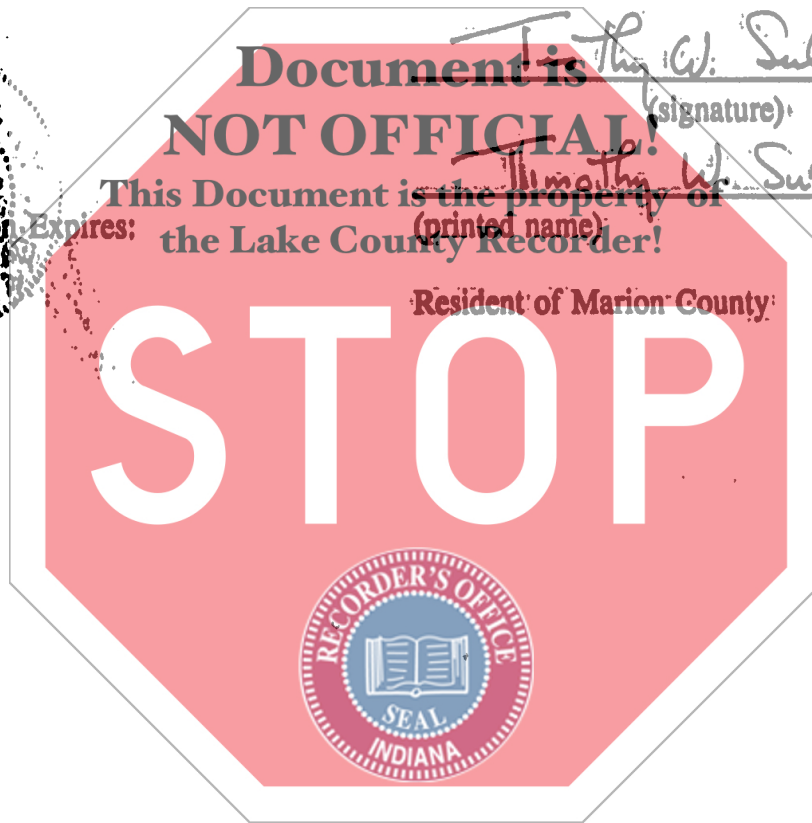
STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Thomas E. Phillippe, Jr., the President of Nationwide Care, Inc., and acknowledged the execution of the foregoing instrument as such officer acting for and on behalf of said corporation.

Witness my hand and Notarial Seal this 30th day of June, 1993.



IRR04713.WPS1



Timothy W. Sullivan
(signature)

Timothy W. Sullivan
(printed name)

Notary Public

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared HENRY LEVANDOWSKI, the DIR. OF HM of U.S. Department of Housing and Urban Development, and acknowledged the execution of the foregoing instrument as such officer acting for and on behalf of U.S. Department of Housing and Urban Development.

Witness my hand and Notarial Seal this 4TH day of NOVEMBER, 1989.

Document is ~~NOT OFFICIAL~~
[Signature]
(signature)
This Document is the property of ROBERT SPANOS
the Lake County Recorder.
My Commission Expires: 10-8-86 (printed name) Notary Public
Resident of MARION County

IRR046FF.WPS

This instrument was prepared by Timothy N. Sullivan, ICE MILLER DONADIO & RYAN, One American Square, Box 62001, Indianapolis, IN 46282; Telephone: (317) 236-2161.

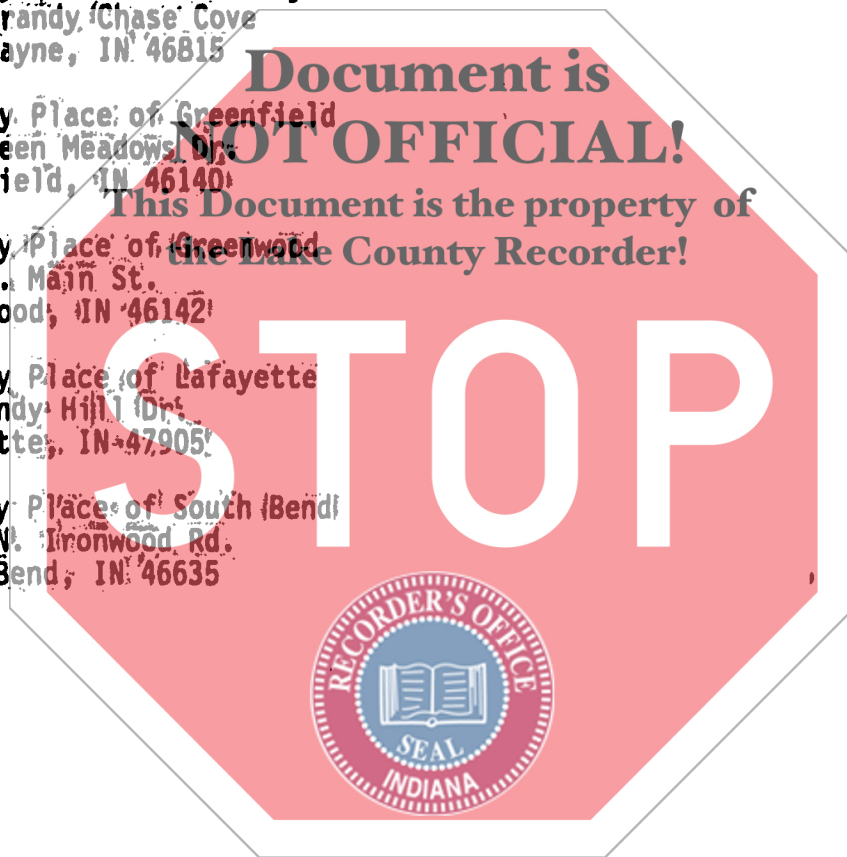


EXHIBIT A TO LEASE AGREEMENT

Health Quest/Nationwide

Leased Facilities Summary

1. Regency Place of Castleton
5226 E. 82nd St.
Indianapolis, IN 46250
2. Regency Place of Dyer
2300 Great Lakes Dr.
Dyer, IN 46311
3. Regency Place of Fort Wayne
6006 Brandy Chase Cove
Fort Wayne, IN 46815
4. Regency Place of Greenfield
200 Green Meadows Dr.
Greenfield, IN 46140
5. Regency Place of Greenwood
1400 W. Main St.
Greenwood, IN 46142
6. Regency Place of Lafayette
300 Windy Hill Dr.
Lafayette, IN 47905
7. Regency Place of South Bend
52654 N. Ironwood Rd.
South Bend, IN 46635



LEGAL DESCRIPTION:

PARCEL I: Lot 1 in Sandy Ridge Addition Unit 5, to the Town of Dyer, as per plat thereof, recorded in Plat Book 54 page 61, in the Office of the Recorder of Lake County, Indiana.

PARCEL II: Being a parcel of land lying in the West Half of Section 18, Township 35 North, Range 9 West of the 2nd Principal Meridian, being more particularly described as follows: Commencing at the Northwest corner of Section 18; thence South, along the West line of said Section 18, a distance of 1001.99 feet to the Northwest corner of Pinewood Estates Addition, Unit One, to the Town of Dyer, as recorded in Plat Book 48, page 98 in the Office of the Recorder of Lake County, Indiana; thence South 88 degrees 20 minutes 12.1 seconds East, along the North line and the North line extended of said Unit One (said line also being the North line of the South 320'0 feet of the North Half of the Northwest Quarter of said Section) a distance of 2127.19 feet; thence South 0 degrees 02 minutes 31.8 seconds East, along a line parallel to and 412.50 feet West of the East line of the West Half of said Section 18, a distance of 645.13 feet to the point of beginning; thence continuing South 0 degrees 02 minutes 31.8 seconds East a distance of 75.0 feet; thence South 89 degrees 57 minutes 28.2 seconds West a distance of 323.18 feet; thence North 0 degrees 02 minutes 31.8 seconds West, a distance of 75.0 feet; thence North 89 degrees 57 minutes 28.2 seconds East, a distance of 323.18 feet to the point of beginning, all in the Town of Dyer, Lake County, Indiana.

ADDRESS: 2300 Great Lakes Drive, Dyer, IN

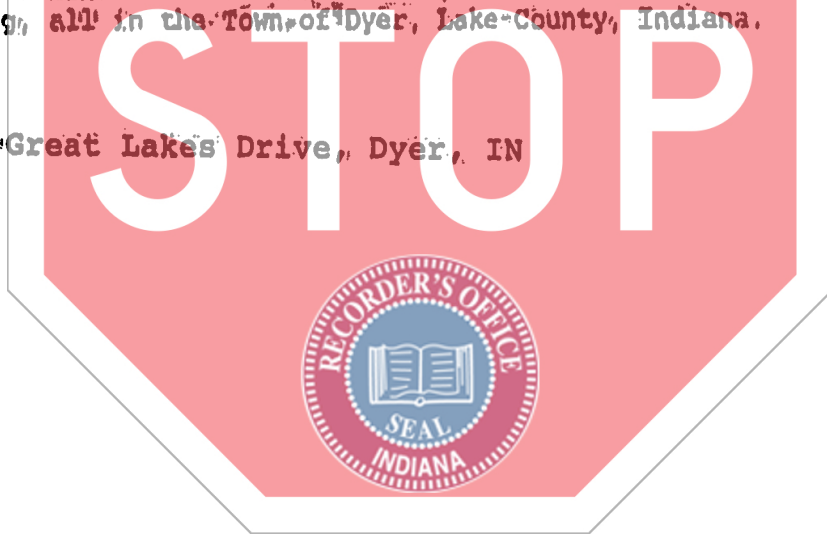
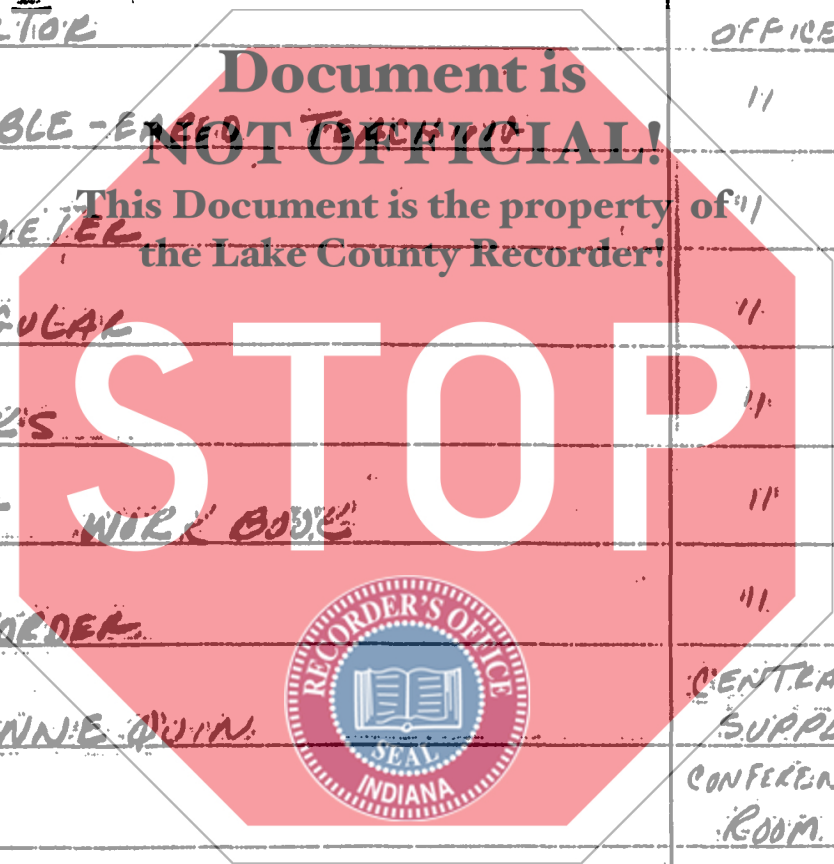


EXHIBIT-B
(Lake County, Indiana)

EQUIPMENT LIST

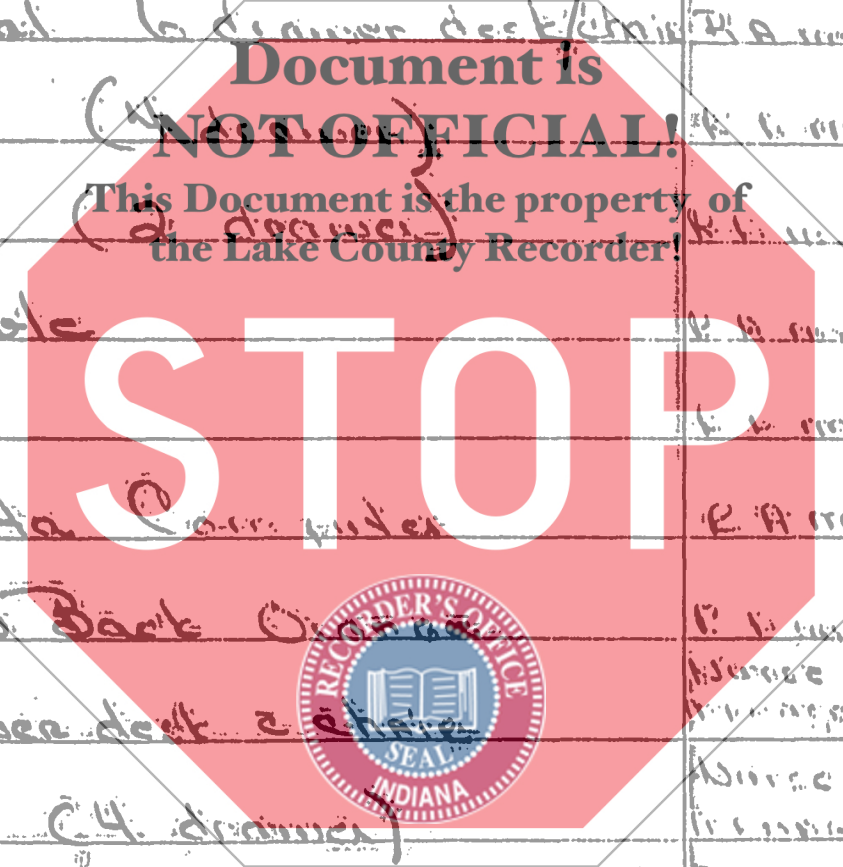
Item/Description	Location in Building	Quantity	Model	Make
OVERHEAD PROJECTOR	NURSE MANAGER'S OFFICE	1	A2000	APOLLO
STETHOSCOPE / DOUBLE-EARED TEACHING	"	1		
SPHYGMO MANOMETER	"	1		ACCULABE
STETHOSCOPE / REGULAR	"	1		
CNA TEXT BOOKS	"	9	NIA 5-4 CO.	
CNA STUDENT WORK BOOK	"	1	NIA 6-16	
CASSETTE RECORDER	"	1	B-5301A	G.E.
TEACHING MACHINE	CENTRAL SUPPLY CONFERENCE ROOM	1		
T.V.	ROOM	1	LTI 19019	HITACHI
VIDEO PLAYER	CONFERENCE ROOM	1	VCR 1157	GOLDSTAR
DOUBLE TIERED FOLDING STAND	"	1		WILSON



Administration

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Orange Metal 6 drawer desk/cabinet	R. H. E.	1		
File Cabinet (4 drawers)	R. H. E.	1		H.O.N.
File Cabinet (4 drawers)	R. H. E.	1		H.O.N.
Computer Table	R. H. E.	1		
Microw. 780	R. H. E.	1		
Decision Data Carr. Index	R. H. E.	1	3791	
Chairs low back Orange	R. H. E.	2		
Orange 6 drawer desk 2 chairs	R. H. E.	2		
File Cabinet (4 drawers)	R. H. E.	1		H.O.N.
File Cabinet (4 drawers)	D. H. E.	1		H.O.N.
Orange desk 6 drawer / chair	L. H. E.	1		
Misc Orange chair	R. H. E.	2		



Administration / CONFERENCE ROOM
+ LOBBY

EQUIPMENT LIST

Item/Description

Location
in
Building

Quantity

Model

Make

Item/Description	Location in Building	Quantity	Model	Make
1 TABLE	CONFERENCE ROOM	1		
CHAIRS	"	13		
PICTURES	"	3		
MISC. PICTURES	1 st WING	9		
SOFA	MAIN LOBBY	1		
CHAIRS	"	2		
END TABLES	"	2		
COFFEE TABLE	"	2		
LAMPS	"	2		
FOOT STOOL	"	1		
COPY MACHINE (IN POOR REPAIR) (NEED NEW ONE) + STAND	BEHIND RECEPTION	1	OL-2545	MITRA
PIANO	MDR	1		
PODIUM	MDR	1		

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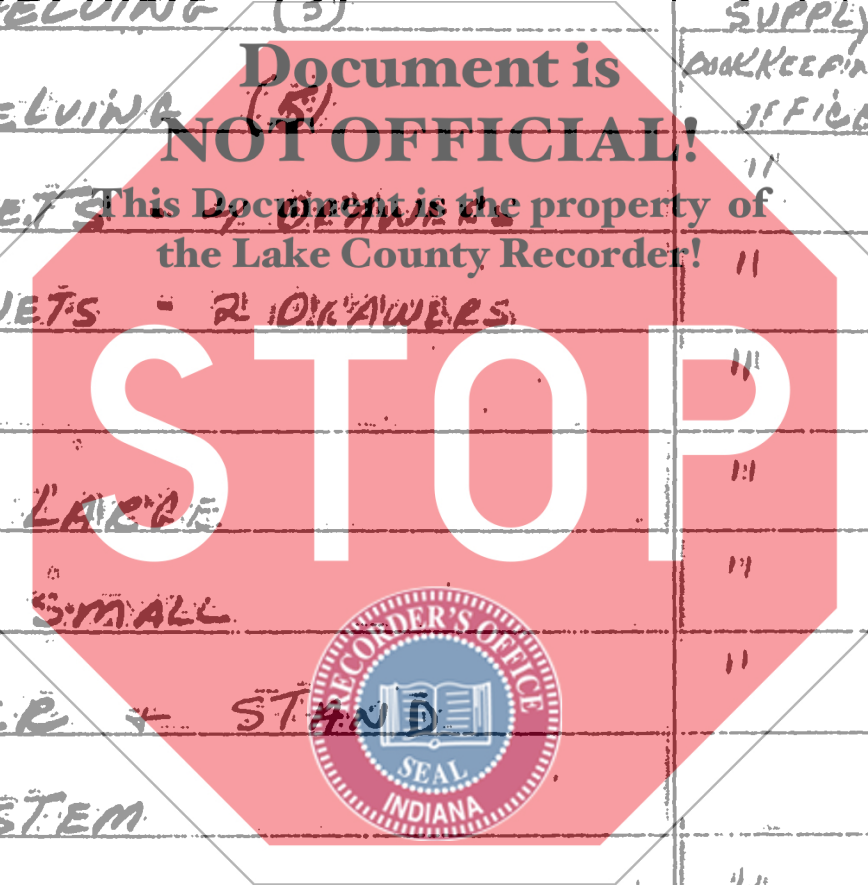
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EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
METAL SHELVING (3)	CENTRAL SUPPLY	7		
METAL SHELVING (5)	BOOKKEEPING OFFICE	4		
FILE CABINETS - 7 DRAWERS	"	6		HASKELL KON
FILE CABINETS - 2 DRAWERS	"	4		HASKELL
COMPUTER	"	1		IBM
PRINTER - LARGE	"	1	# 6702	DECISION DATA
PRINTER - SMALL	"	1	WHEEL PRINTER	IBM
TYPEWRITER - STAND	"	1	KX-EM	PANASONIC
PHONE SYSTEM	"			VODAVI
MISC CHAIRS	"	3		
T.O.D. TELEPHONE	"	1	M-11 COM. #	ULTRA T-10
CORDESS TELEPHONE	"	1		A-T-IT
COMPUTER	RECIPT DESK	1	GOLD STAP MONITOR	IBM

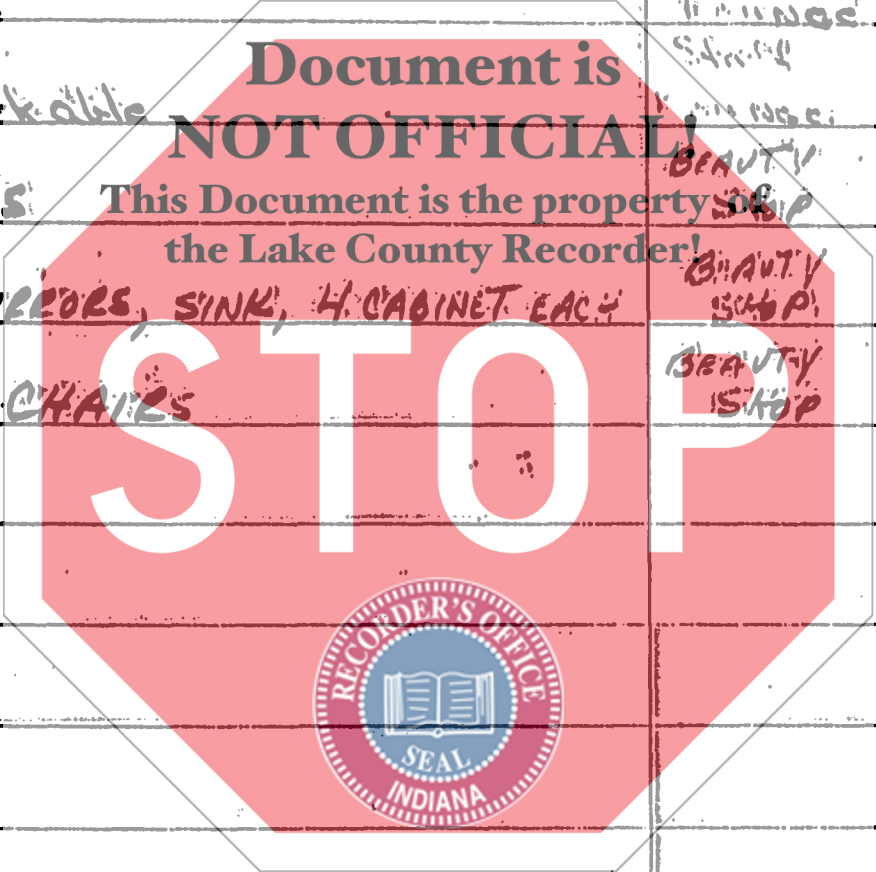


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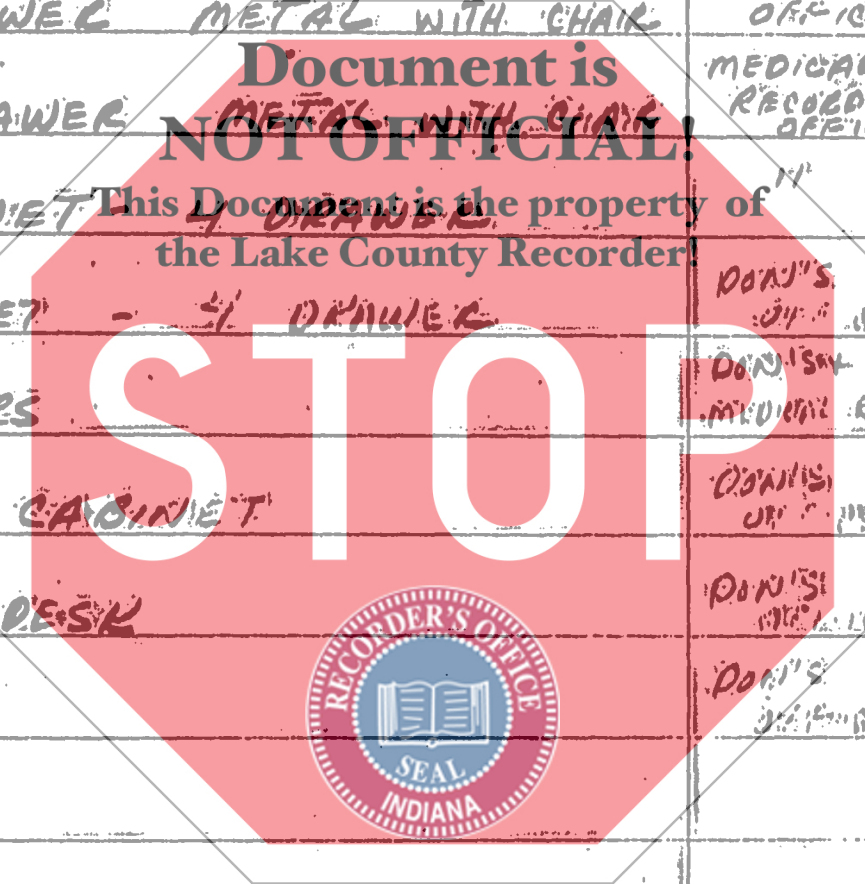
Item/Description	Location in Building	Quantity	Model	Make
Tables 8 ft.	Shack Innocent	5		
Chairs Stackable	Shack	22		
HAIR DRYERS	BEAUTY SHOP	2		
STATIONS WITH MIRRORS, SINK, H. CABINET EACH	BEAUTY SHOP	2		
HYDRAULIC CHAIRS	BEAUTY SHOP	2		



Administration - DION +
MEDICAL RECORDS

EQUIPMENT LIST

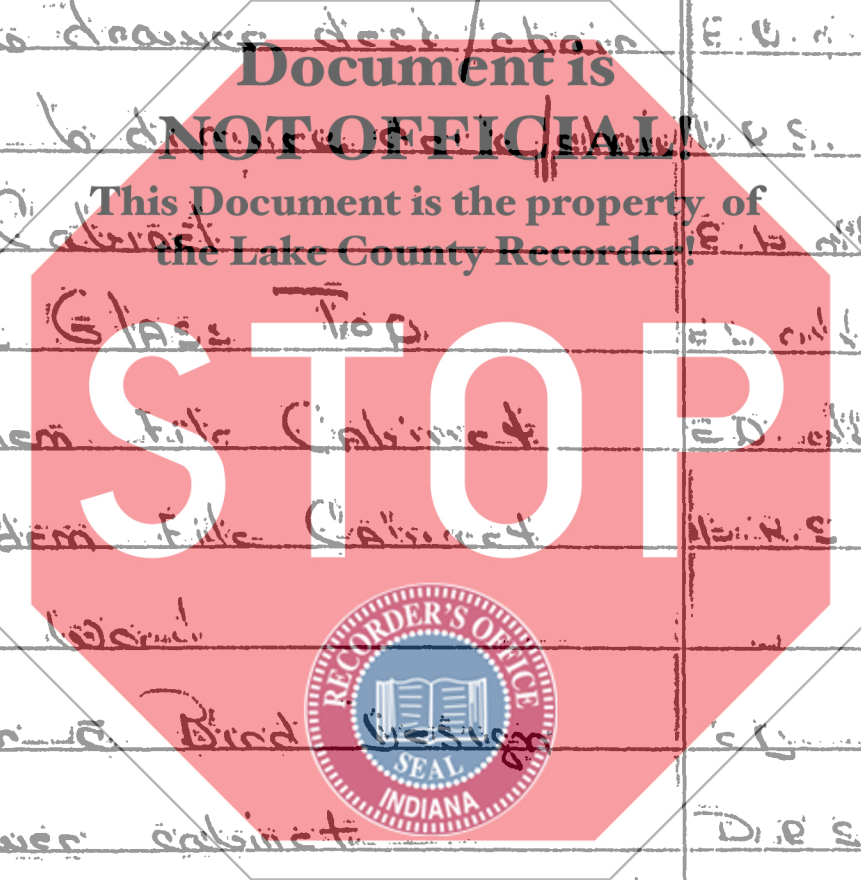
Item/Description	Location in Building	Quantity	Model	Make
DESK - 6 DRAWER METAL WITH CHAIR	DION'S OFFICE	1		
DESK - 6 DRAWER METAL WITH CHAIR	MEDICAL RECORDS OFFICE	1		
FILE CABINET 4 DRAWER	DION'S OFFICE	5		
FILE CABINET - 2 DRAWER	DION'S OFFICE	1		
MISC. CHAIRS	MEDICAL RECORDS OFFICE	3		
5 - SHELF CABINET	DION'S OFFICE	1		
COMPUTER DESK	DION'S OFFICE	1		
COMPUTER	DION'S OFFICE	1	MVA	ESP



Administration

EQUIPMENT LIST

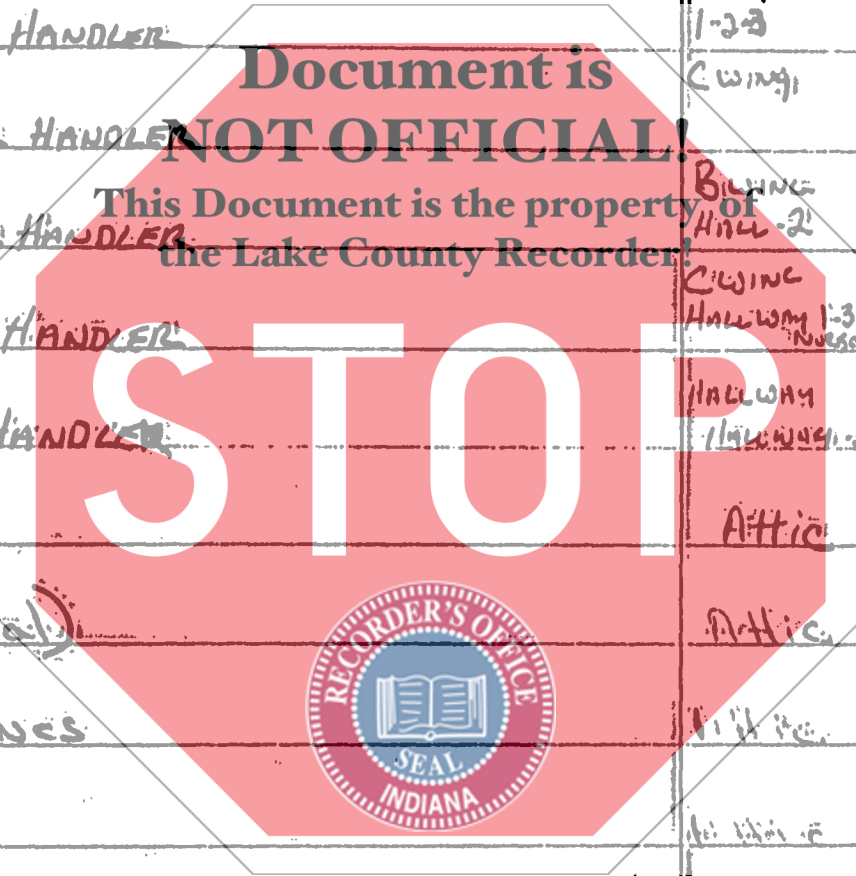
Item/Description	Location in Building	Quantity	Model	Make
Oak Woodem to drawer desk chair	E. U. S.	1		
Oak Woodem to drawer desk chair	E. U. S.	1		
Oak Curio Cabinet	E. U. S.	1		
Oak Table w/ Glass Top	E. U. S.	1		
2 drawer woodem file cabinet	E. U. S.	1		
2 drawer woodem file cabinet	E. U. S.	1		
1 End Table	E. U. S.	1		
Woodem Chair w/ Bird Design	E. U. S.	3		
Woodem 2 drawer cabinet	E. U. S.	1		
Green house seat & 2 chairs	E. U. S.			
Small 2 drawer woodem desk	E. U. S.	1		
Safe	E. U. S.	1		
High Back Maude Chair	E. U. S.	1		



Maintenance

EQUIPMENT LIST

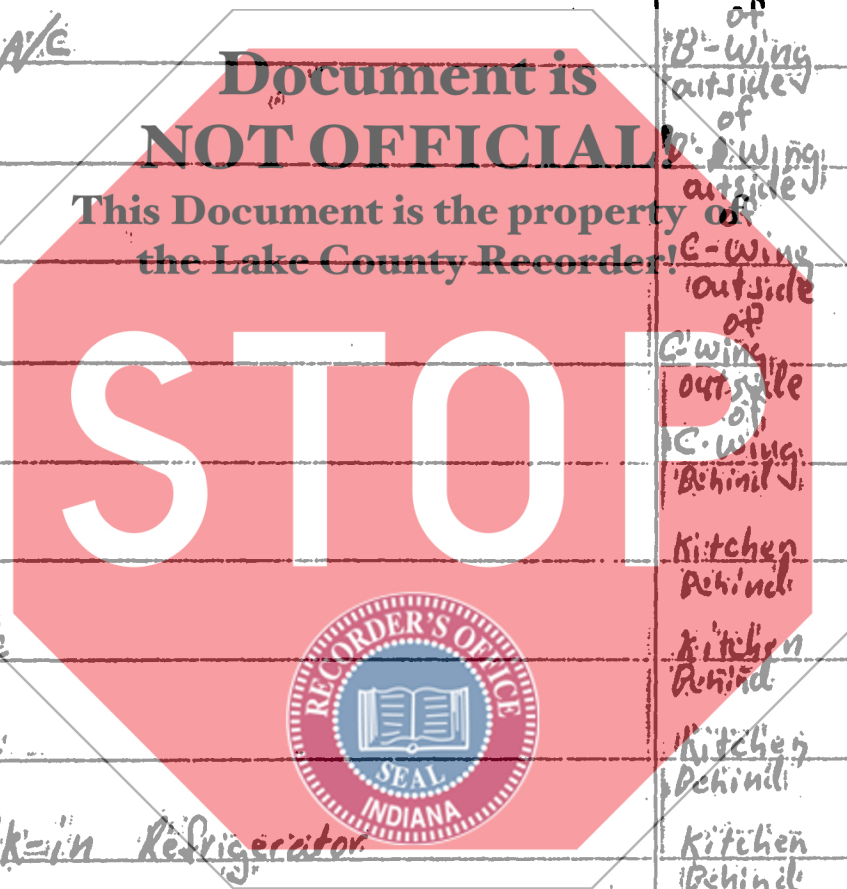
Item/Description	Location in Building	Quantity	Model	Make
A/C & HEATING AIR HANDLER	Bldg. Hallway 1-3	4	DA-036	Bohn
A/C & HEATING AIR HANDLER	C wing	1	DA-010	Bohn
A/C & HEATING AIR HANDLER	Bldg Hall-2	1	DA-047	Bohn
A/C & HEATING AIR HANDLER	C wing Hallway 1-3 Nurses	3	DA-036	Bohn
A/C & HEATING AIR HANDLER	Hallway Hallway-2	1	DA-048	Bohn
File Cabinets	Attic	8	H.O.D.	
Hampers (Medical)	Attic	8		
Walkers / Canes	Attic	10 / 8		
Night stands	Attic	4		
Typewriter	Attic	1		Kangaroo
Miss. Bed Pans	Attic	7		
Buffer Cart	Attic	1		



Maintenance

EQUIPMENT LIST

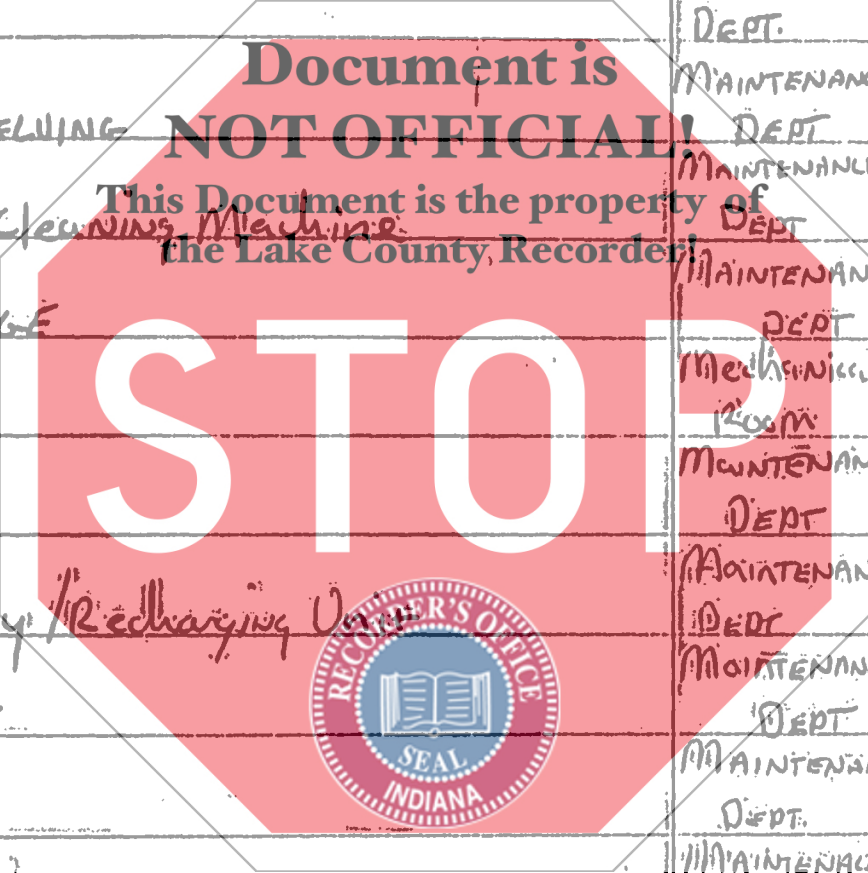
Item/Description	Location in Building	Quantity	Model	Make
Condensing unit for A/C	outside of B-Wing	3	COR0A0	Singer
Condensing unit for A/C	outside of B-Wing	2	A-A801000	Singer
Condensing unit for A/C	outside of C-Wing	1	C-100A0	Singer
Condensing unit for A/C	outside of C-Wing	3	COR0A0	Singer
Condensing unit for A/C	outside of C-Wing	1	A-A801000	Singer
Condensing unit for A/C	Behind Kitchen	2	CAF150B	Singer
Condensing unit for A/C	Behind Kitchen	1	CAF200	Singer
Condensing unit for A/C	Behind Kitchen	1	COR0A0	Singer
Condensing unit for walk-in Refrigerator	Behind Kitchen	1	DAPH-0150	Copeland
Condensing unit for walk-in Freezer	Behind Kitchen	1	CAH-101	Copeland
Ice Machine	A-Wing	1	DIAL-0142-CAH-0815	Uniflow
Emergency Generator	Behind Kitchen	1	TKA-215	Uniflow
	Kitchen		SG085	General
			B51KW	



Maintenance

EQUIPMENT LIST

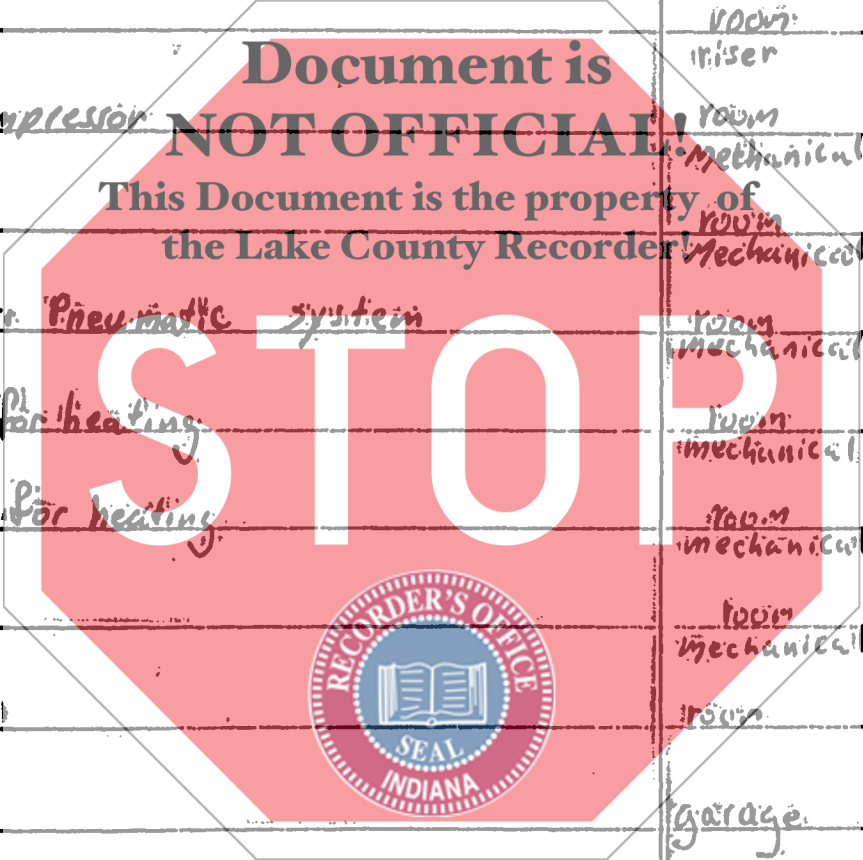
Item/Description	Location in Building	Quantity	Model	Make
OFFICE DESK	MAINTENANCE DEPT.	2	N/A	N/A
METAL STORAGE SHELVING	MAINTENANCE DEPT.	4	N/A	N/A
K-375 RIGID DRAIN CLEANING MACHINE	MAINTENANCE DEPT.	1	C-32	RIGID
METAL SHELF - LARGE	MAINTENANCE DEPT.	1	N/A	METRO
WOODEN LADDERS	MECHANICAL ROOM	2	N/A	N/A
ALUMINUM LADDERS	MAINTENANCE DEPT.	1	N/A	KELLER
Refrigerant Recovery / Recharging Unit	MAINTENANCE DEPT.	1	17600A	ROBINAIR
STORAGE CABINET	MAINTENANCE DEPT.	1	11932	EAGLE
LARGE METAL SHELF	MAINTENANCE DEPT.	1	N/A	METRO
TWO DRAWER FILE CABINET	MAINTENANCE DEPT.	1	N/A	HON
FOUR DRAWER FILE CABINET	MAINTENANCE DEPT.	1	N/A	HASKELL
FOUR WHEEL PUSH CART	MAINTENANCE DEPT.	1	N/A	N/A
TURBO TATE TOUCH SET	MAINTENANCE DEPT.	1	N/A	VICOR EQUIPMENT



Maintenance

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Hot water heaters	Mechanical room	2	6-84-720	Rudd
Sprinkler system Air Compressor	Mechanical room	1	3240-70	Speedaire
Pneumatic Air Compressor	Mechanical room	1	3222SE	Speedaire
Refrigerated Air Drier for Pneumatic system	Mechanical room	1	A-4270	Johnson Controls
Hot water Boiler Body for heating	Mechanical room	2	PEL-886-WF	Wells-McClain
Hot water Boiler Burner for heating	Mechanical room	2	WRB-60-15	Wells-McClain
Hot Water storage tanks	Mechanical room	2	RST-120-4	Rudd
Water Softener system	Mechanical room	1	300 HBR-2	Oranger
Lawn tractor	garage	1	F-2000	Kubota
Cutting deck for lawn tractor	garage	1	K160-F-20	Kubota
Front blade for lawn tractor	garage front	1	2019	Kubota
Facility Van	Parking lot	1	FD-LD	Termin Transit
Do. H.Y.	Mech. MAINTENANCE	1	N/A	N/A



Activities/Social Service

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Bookshelves	Act. office Act. Rm.	4		
G.E. Compact Stereo System w/ speakers	Act. Rm.	1	General elec.	Mab# 111-1,000
Storage cabinet	Act. Rm.	Serial #	K. P. A 011237	
Plastic storage bins	Act. Rm.	4	Rubbermaid	
Yarn carts	Act. Rm.	2		
Bell and Howell Projector	Act. Rm.	1	Bell & Howell	2585
Piano	M.P.R.	1		
Podium	M.P.R.	1		
Misc. supplies	"			
Misc. supplies Gift shgo streamers, balloons	Gift shgo			
Misc. supplies	Act. Rm.	2 Boxes		
Misc. supplies various bible study books, bible song books	Act. Rm.			
Bingo Set	Act. Rm.	1	Ms. Bingo cards	



Activities/Social Service

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Schaeffer portable freezer	Gift shop	1		Schaeffer
Coffee pot	Act. Rm.	1		West Bend
Stoneware Dishes	Act. Rm.	1 set		
Silver ware	Act. Rm.	1 set		
Toaster	Act. Rm.	1		Toaster-master
Mixmaster	Act. Rm.	1		Oster
Utensils	Act. Rm.	Misc. for cooking + baking		
Pots and pans	"	1 set of each		
Cookie sheets	"			
Iron	Act. Rm.	1		Sunbeam
Ironing Board	"	1		Magla
Crock Pot	"	1		Rival
Sewing Machine	"	1		Kenmore

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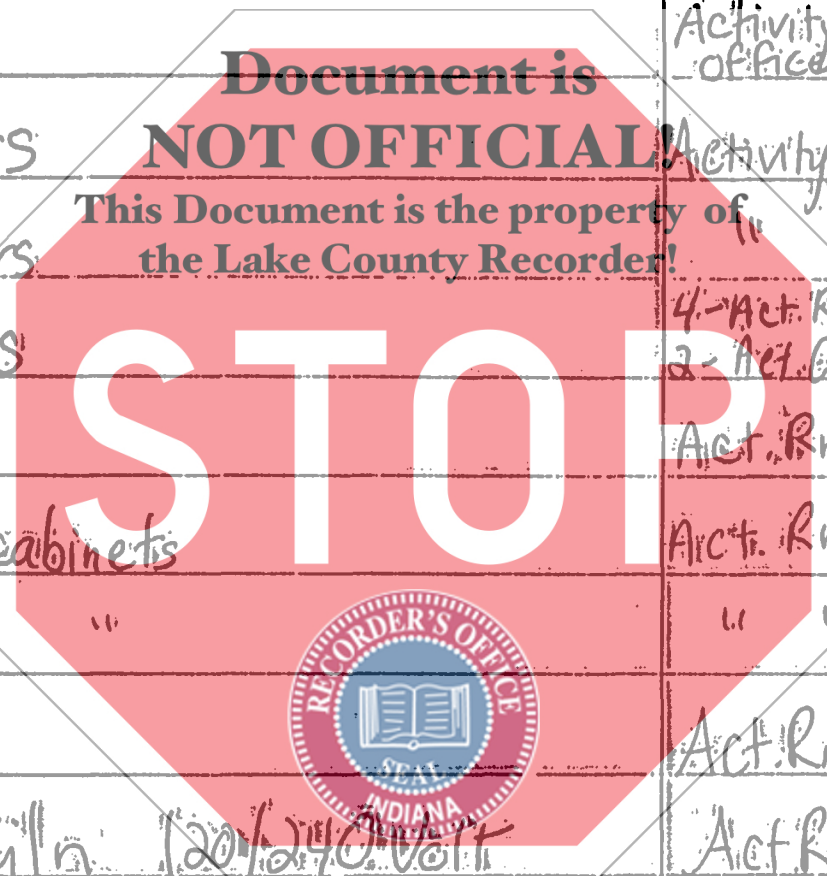
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Activities / Social Service

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Office Desk	Activity office	1		
Office chairs	Activity Rm.	4		
Brown chairs	" "	4		
Shelf Units	4 - Act. Rm. 2 - Act. Giftshop	6		
3-tier carts	Act. Rm.	4		
4 drawer file cabinets	Act. Rm.	2		
2 " " "	" "	1		
tables	Act. Rm.	5		
Ceramic Kiln 120/240 Volt	Act Rm	1	Paragon Model A 241 B	
Kenmore Refrigerator 14 cu. ft.	" "	1		
Kenmore Stove	" "	1	Model # 911 6248310 Ser # 3476518	
Microphone (Paralogue)	" "	1		
Fuses	" "	2		



Activities/Social Service

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Bowling Set	Act Rm.	1	Plastic Pins and Bowling Ball	
Shelf units for ceramics	Act. Rm.	2		
Organ	Bowling	1		
Christmas trees	Maint. Storage	3		
Christmas Decorations		(2.5 Boxes)	ornaments, lights, garlands	Holiday Decorations
Seasonal Decorations	Act. Rm.	2 Boxes		
Step ladder	"			
Ceramic supplies	"		Greenware - 50 pcs. Cer. paint, brushes	

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Therapy

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Mast Table	P.T. Dept.	1		
Parallel Bars	P.T. Dept.	1		
Whirlpool bath	P.T. Dept.	1		
Training Stairs	Dining Room	1		
Walkers	P.T. Dept.	6		
Canes	P.T. Dept.	5		
Hydrocollator	P.T. Dept.	1		
Adjustable weights	P.T. Dept.	24		
Mobile Mirror	P.T. Dept.	1		
Desk with file drawers	P.T. Dept.	1		
Wall board	P.T. Dept.	1		
Phone	P.T. Dept.	1		

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EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Lg. WASHER (100#) (1983)	LAUNDRY	1 EACH	MILNOR	MILNOR
SM. WASHER (50#) (1983)	LAUNDRY	1 EACH	MILNOR II	MILNOR
Lg. DRYER (1981)	LAUNDRY	1 EACH	DRYSTAT 110	HUEBSCH
SM. DRYER (1983)	LAUNDRY	1 EACH		
CONVERTAMATIC FLOOR SCRUBBER MACHINE (1989)	HOUSEKEEPING STORAGE	1 EACH	ZL B	ADVANCE
SANITARIO VAC (1991)	B's A wing STORAGE	2 EACH	QUICK CLEAN	SANITARIO
CLARK CARPETMASTER VAC (1983)	A CENTRAL HOUSEKEEPING STORAGE	1 EACH	570A	CARPET-MONSTER
HOST CARPET DRY CLEANER (1983)	HOUSEKEEPING STORAGE	1 EACH	MODEL VII	HOST
ADMIRAL CARPET EXTRACTOR (1986)	" "	1 EACH	ADMIRAL	WINDSOR
ADVANCE AQUA CLEAN EXTRACTOR (1993)	" "	1 EACH	AQUA CLEAN	ADVANCE
WETROK SERVOMATIC FLOOR MACHINE (1983)	" "	1 EACH	SERV-17	WETROK
WETROK POWER LINE FLOOR MACHINE (1983)	" "	1 EACH	PL20HS	WETROK
WIND BLOWER (1989)	HOUSEKEEPING STORAGE	2 EACH	W-B	WINDSOR

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Housekeeping/Laundry

Dan Solis E.H.

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
TASKI High Speed Buffer (1990)	Housekeeping STORAGE	1 EACH	Sonic	TASKI
HAND-CARPET SWEEPER (1986)	" "	1 EACH	R.M.	Rubbermaid
Janitor Housekeeping CARTS (1983)	EACH STATION	5 EACH	6150	RUBBERMAID
BUCKETS & RINGS	EACH STATION	9 EACH	—	RUBBERMAID
BROOMS	EACH STATION	8 EACH	—	O-CEDAR
MOP HANDLES	EACH STATION	10 EACH	—	INVADE
DUST PANS AND HAND BROOMS	" "	7 EACH	—	RUBBERMAID
STEP LADDER	Housekeeping STORAGE	1 EACH	—	—
SPRAYER for Scotch Guarding	" "	1 EACH	—	—
WET FLOOR SIGNS	EACH STATION	20 EACH	—	RUBBERMAID
HOUSEKEEPING STORAGE RACKS	Housekeeping STORAGE	8 EACH	—	—
LARGE LAUNDRY CARTS (yellow) Sorting	" "	5 EACH	—	—
SMALL LAUNDRY CARTS (yellow) Sorting	" "	4 EACH	—	—

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Dietary

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Melting Dish	Kitchen	120		
Camera Body	Kitchen	130		
Monkey food	Kitchen	20		
Dinner Mugs	Kitchen	112		
Tuna pails	Kitchen	20		
Thermos	Kitchen	4		
Rolling boards	Kitchen	10		
Bun pans	Kitchen	18		
Rollers	Kitchen	2		
Cake pans	Kitchen	2		
Stock pots	Kitchen	4		
Small stock pot	Kitchen	2		

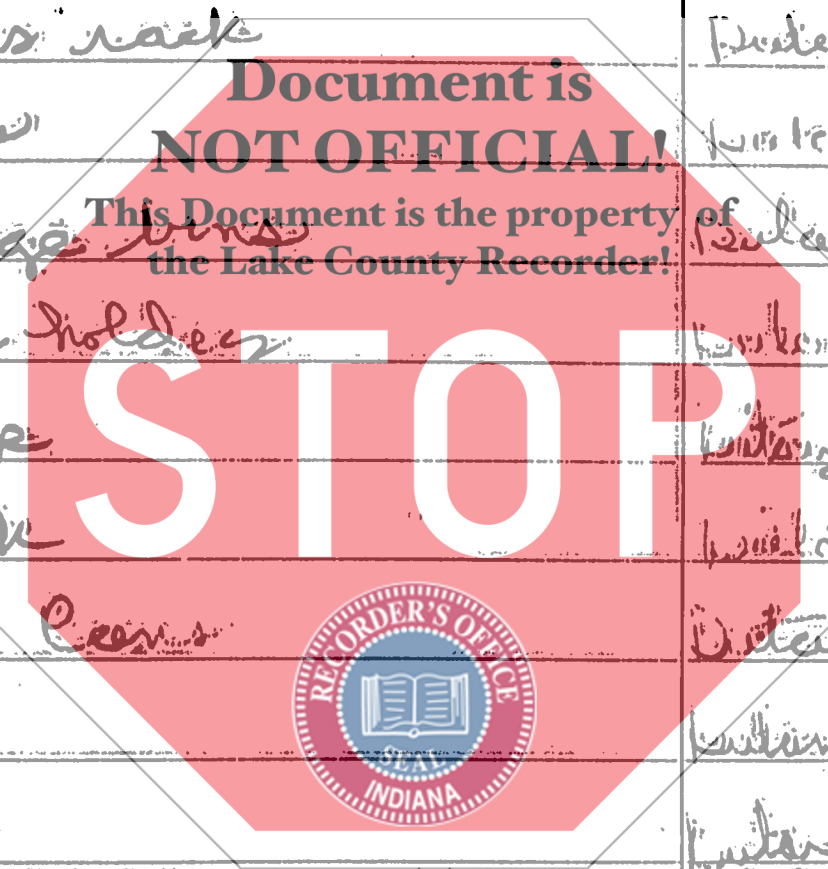


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Dietary

EQUIPMENT LIST

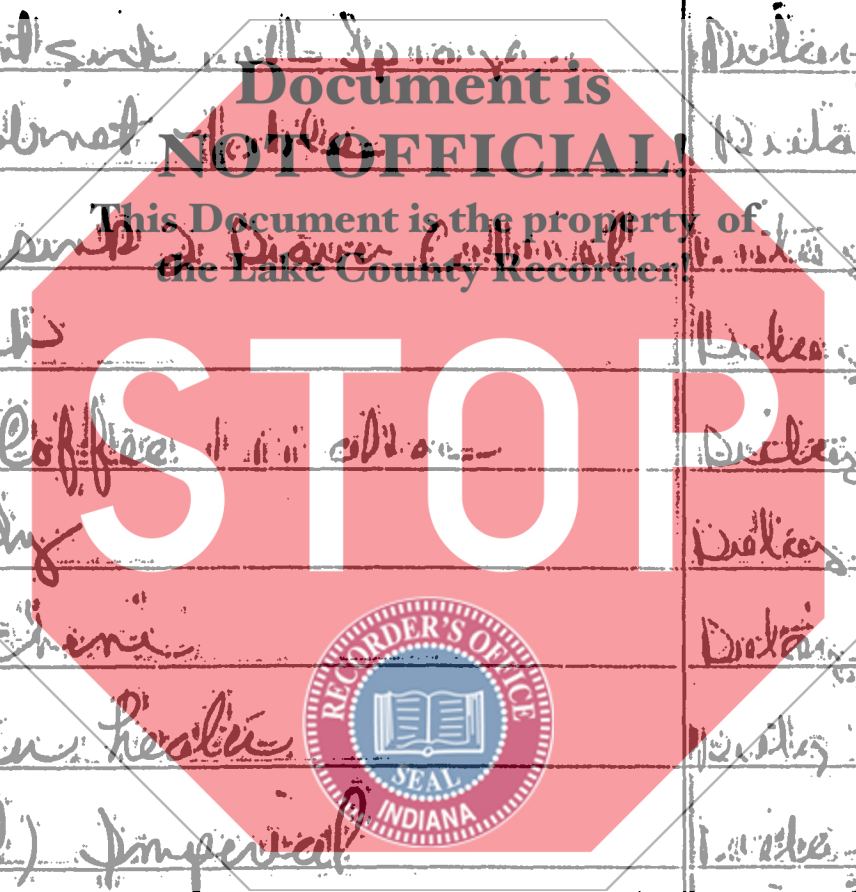
Item/Description	Location in Building	Quantity	Model	Make
Pots and Pans rack	Dietary	3		
Scales	Dietary	2		
Dry Storage bins	Dietary	1	1857	Carlin
Glass tray holder	Dietary	1		Carlin
Burn Rack	Dietary	3	172	J. Wood
Burn Rack	Dietary	1	138	
Garbage cans	Dietary	4		
Plates	Dietary	130		
Sewerware	Dietary	130		
Sewerware	Dietary	130		
Sewerware	Dietary	130		
Burn Board	Dietary	140		Carlin



Dietary

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
3 compartment sink with sprayer	Dietary	1		
4 Drawn cabinet	Dietary	1		
Water table	Dietary	1		
Hand Sink	Dietary	3		
Table for coffee	Dietary	1		
Dish Caddy	Dietary	1	1170	Eschsch Corp
Dish Machine	Dietary	1	0125 86	Ybair
Electric Water Heater	Dietary	1	50-591	Water
Carts (food) Imperial	Dietary	1	521	Imperial
Hand Boy Beer Vender	Dietary	2	1129	Hand Boy
Table for dish machine with shelf	Dietary	1		
Imperial Cart	Dietary	2	730	Imperial



Dietary

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Hot plates	Kitchen	1	NO	American Dietary Products
Micro wave	Kitchen	1	FS 7EUP	Zit/80
Plate warmer	Kitchen	1	6209	J. J. C.
Tray line	Kitchen	1	1113	Precision
3 compartment Refr. cooler	Kitchen	1	1113	J. J. C.
Hot food counter	Kitchen	2	11E-20 15-72	Carter 1/16/72
Desk/Chair	Kitchen	1		
1 Walk-in freezer	Kitchen	1	R-302	Perrin
1 Walk in cooler	Kitchen	1	11210 1659	Perrin
1 Hood system	Kitchen	1	101-29 1211	?
Dorlase Disposable	Kitchen	4	11631 924	C. J. C.
Wetroughy (with Sink)	Kitchen	1	11111	

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EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Hobart Meat Slicer	Kitchen	1	2612	Hobart
Cleveland Steamer	Kitchen	1	1-2116	Cleveland
Cleveland Steam Kettle	Kitchen	1	QUTS	Cleveland
Wet Skillet (Shoen)	Kitchen	1	KHP 1-3	Cleveland
Julson Range	Kitchen	1		Julson
Smoked Radiation Oven (Stack)	Kitchen	1	1330	Smoked
Countertop mixer	Kitchen	1	NON	Kitchen
Robot Coupe	Kitchen	1	R2	Robot Coupe
Flour Mixer	Kitchen	1	D330	Flour Mixer
Toaster	Kitchen	1	150	Toaster
Coffee Maker	Kitchen	1	F&E	Coffee Maker
Steam Kettle	Kitchen	2	BLN 0-3	Steam Kettle

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Dietary

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Colander	Kitchen	2		
4 inch skillets	Kitchen	1		
12 inch	Kitchen	4		
Wash pot and	Kitchen	12		
Wash coat dish	Kitchen	1		
Dish for hot plates	Kitchen	3		
Comm coffee	Kitchen	60		
Tray	Kitchen	100	97	Stam
Dish racks	Kitchen	8		
Wash utensils	Kitchen	40		
Stainless Steel Bins	Kitchen	4		
Folie Cabinet	Kitchen	1		

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Dietary

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
Book case	Dining	1		
Stainless Steel	Dining	2		Remond
Cassero Dish	Dining	2		
Blender	Dining	1		
Flour Fan	Dining	1		
Chalk board	Dining	1		
Cork boards	Dining	2		
Clock	Dining	1		
Silver caddy	Dining	2		
Foot pedal garbage can	Dining	2		
Muffin pan	Dining	8		



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Additions To Regency Place Dept - Caryn Mason

Nursing - G Wing

EQUIPMENT LIST

P. 01

9131798-6525

TO

FROM

12:41PM

06-15-1993

Item/Description

Location
in
Building

Quantity

Model

Phones

Office & Nurses Station

25

Fire extinguishers

throughout building

30

Sources - single

" "

13

Sources - double

"

14

Chandeliers

dinning Rooms

7

Shower chairs

Nursing units

7

Chart racks

"

4

Charts - top open

"

150

Hoover lifts

B-wing Nursing

2



Y

6

Additions To Regency Place Dept - Cary-Moon

~~Nursing C-Wing~~

EQUIPMENT LIST

P. 01

913179845523

TO

FROM

06-15-1993 12:41PM

Item/Description	Location in Building	Quantity	Model
Phones	Office & Nurse Station	25	V.
Fire extinguishers	Throughout building	20	
Sconces - single	"	13	
Sconces - double	"	14	
Chandeliers	Dinning Rooms	7	
Shower chairs	Nursing units	7	
Chart racks	"	4	
Charts - top open	"	150	
Hoyer lifts	B-wing Nursing	2	

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Nursing, C-Wing

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
HOSPITAL BED WITH MATTRESS / SIDE RAILS	C-WING	71		
NIGHT STAND / 2 SHELVES / DRAWER	C-WING	71		
OVER BED TABLES	C-WING	50		
WOODEN WALL SHELVES	C-WING RES. ROOMS	69		
HIGH-BACK CHAIRS	C-WING DINING ROOM	57		
HIGH-BACK CHAIRS (SALMON COLOR)	C-WING DINING ROOM	14		
TABLES	C-WING	13		
CIRCULAR FEEDING TABLES (WITH FOOT RESTS)	DINING ROOM C-WING	4		
WALL PICTURES CHALL 1, 2, 3 & STATION	C-WING	25		
FOOT RESTS (CUSHIONED)	C-WING	2		
TVs	SMOKING LOUNGE	1	19"	ZENITH



Nursing C-Wing

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
REFRIGERATOR	MED. ROOM	1	6 CU. FT.	KENMORE
REFRIGERATOR	PANTRY	1	14 CU. FT.	KENMORE
MICRO WAVE	PANTRY	1		KENMORE
ICE MACHINE	PANTRY	1	GT 2 WNK	KOLD DRAFT
SANITIZER	SOILED UTILITY	1		HOBART
FILE CABINETS / 4 DRAWER	MED. ROOM	2		HON.
FILE CABINETS / 2 DRAWER	NURSES STATION	2		HON.
MISC. HIGH BACK CHAIRS	C-WING	20		
STACKABLE CHAIRS	C-WING	7		
WHEEL POOL TUB	SHOWER ROOM	1		FERNO / KIEBO
LIFT WITH SCALE	C-WING	1	OLUE	DEMING ARSO
LIFT WITH SCALE		1		HOYER
LIFT		1		HOYER

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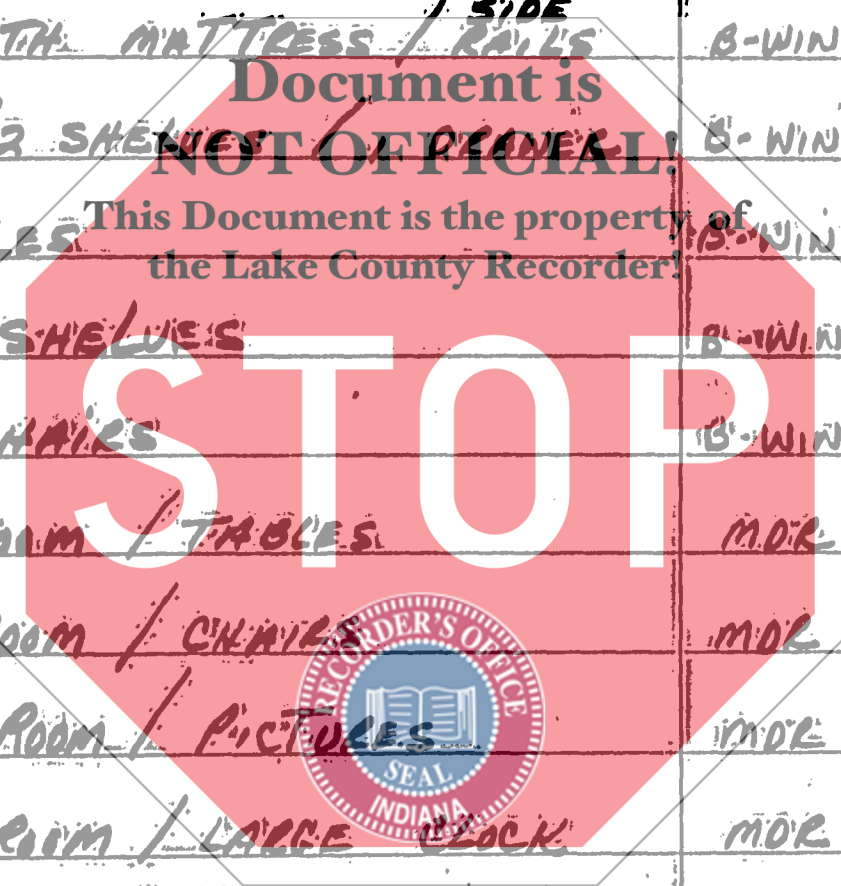
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Nursing B-Wing

EQUIPMENT LIST

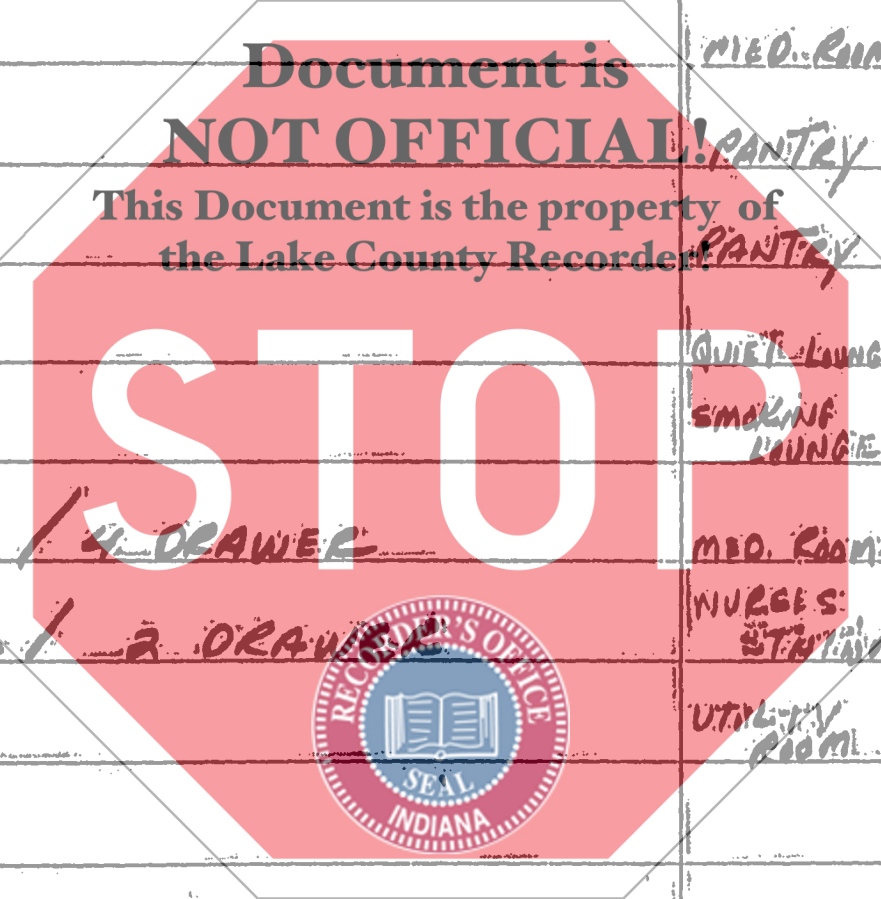
Item/Description	Location in Building	Quantity	Model	Make
HOSPITAL BED WITH MATTRESS / ^{SIDE} RAILS	B-WING	79		
NIGHT STAND / 2 SHELVES / DRIVER	B-WING	79		
OVER BED TABLES	B-WING	42		
WOODEN WALL SHELVES	B-WING	77		
HIGH-BACK CHAIRS	B-WING	54		
MAIN DINING ROOM / TABLES	MOR	24		
MAIN DINING ROOM / CHAIRS	MOR	64		
MAIN DINING ROOM / PICTURES	MOR	7		
MAIN DINING ROOM / LARGE CLOCK	MOR	1		
MAIN DINING ROOM / PLANT STANDS & PLANTS	MOR	2		
MISC. PICTURES - HALL 1, 2, 3 + ^{NURSES} STATION	B-WING	18		
MISC. CHAIRS	LOUNGES	20		



Nursing B-Wing

EQUIPMENT LIST

Item/Description	Location in Building	Quantity	Model	Make
REFRIGERATOR	MED. ROOM	1	6 CU. FT.	KENMORE
REFRIGERATOR	PANTRY	1	14 CU. FT.	KENMORE
ICE MACHINE	PANTRY	1	FT. 2 WALK	KOLO DRAFT
TV.	QUIET LOUNGE	1	19"	ZENITH
TV.	SMOKING LOUNGE	1	19"	ZENITH
FILE CABINETS / 4 DRAWER	MED. ROOM	3		HON
FILE CABINETS / 2 DRAWER	NURSES STATION	3		HON
WALKER	UTILITY ROOM	1		



Therapy *Speech Therapy*
Royanne

EQUIPMENT LIST

Item/Description

Location
in
Building

Quantity

Model

Make

Orange Desk

*ST
office*

1

4-drawer orange file cabinet

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Chairs

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3

Square table

1

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