

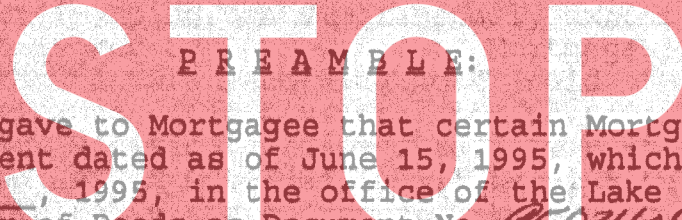
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TICOR TITLE INSURANCE
Crown Point, Indiana

AMENDMENT NO. 1 TO MORTGAGE AND SECURITY AGREEMENT

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Amendment No. 1 to Mortgage and Security Agreement dated as of Sept 1, 1995 is made by EAST CHICAGO NURSING HOME, L.L.C. ("Mortgagor"), in favor of COLE TAYLOR BANK ("Mortgagee"). This Amendment pertains to the real estate described on Exhibit "A" attached hereto and made a part hereof.

95051896



P R E A M B L E:

Mortgagor gave to Mortgagee that certain Mortgage and Security Agreement dated as of June 15, 1995, which was recorded on 6/16, 1995, in the office of the Lake County, Indiana Recorder of Deeds as Document No. 95034047 (the "Mortgage"). The members holding a majority of interest of Mortgagor also hold a majority of membership interests of each of Merrillville Health Properties, L.L.C. ("Borrower 1"), North Lake Nursing And Rehabilitation Center, L.L.C. ("Borrower 2"), Clark-Mount Health Properties, L.L.C. ("Borrower 3"), Clark Nursing & Rehabilitation Center, L.L.C. ("Borrower 4"), Junior Clark-Mount Health Properties, L.L.C. and Mount Nursing & Rehabilitation Center, L.L.C. Mortgagor has requested Mortgagee to provide financing to Borrower 1, Borrower 2, Borrower 3 and Borrower 4. Mortgagee has agreed to do so, so long as, among other things, Mortgagor executes and delivers to Mortgagee this Amendment.

STATE OF INDIANA
LAKE COUNTY
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NOW, THEREFORE, in consideration of the premises which are incorporated herein by this reference and constitute an integral part hereof and the execution and delivery of this Amendment, Mortgagor agrees as follows:

- Sections 1.01, 1.02, 1.03 and 1.04 of the Mortgage are amended to read as follows:
 "1.01 Notes. Pursuant to that certain Loan and Security Agreement dated the date of Amendment No. 1 to this Mortgage (said Loan

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and Security Agreement, as may be amended, replaced and/or restated from time to time shall be hereinafter be referred to as the "Lake Crest Loan Agreement") entered by and among Mortgagee, Mortgagor, Merrillville Health Properties, L.L.C. ("Borrower 1"), North Lake Nursing And Rehabilitation Center, L.L.C. ("Borrower 2"), Clark-Mount Health Properties, L.L.C. ("Borrower 3"), Clark Nursing & Rehabilitation Center, L.L.C. ("Borrower 4"), Junior Clark-Mount Health Properties, L.L.C. ("Guarantor 1"), Mount Nursing & Rehabilitation Center, L.L.C. ("Guarantor 2"), Lake County Nursing And Rehabilitation Center, L.L.C. ("Guarantor 4") and Eric Rothner ("Rothner") (A) that certain term note (said term note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Borrower 1 Term Note") in the principal amount of \$3,500,000.00 payable along with interest, as specified in the Borrower 1 Term Note has been or is being contemporaneously executed and delivered by Borrower 1 to Mortgagee; and (B) that certain revolving note (said revolving note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Borrower 2 Revolving Note") in the principal amount of \$350,000.00, payable, along with interest, as specified in the Borrower 2 Revolving Note has been or is being contemporaneously executed and delivered by Borrower 2 to Mortgagee; and (C) that certain term note (said term note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Borrower 3 Term Note") in the principal amount of \$2,880,000.00, payable, along with interest, as specified in the Borrower 3 Term Note has been or is being contemporaneously executed and delivered by Borrower 3 to Mortgagee; and (D) that certain revolving note (said revolving note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Borrower 4 Revolving Note") in the principal amount of \$350,000.00, payable,

along with interest, as specified in the Borrower 4 Revolving Note has been or is being contemporaneously executed and delivered by Borrower 4 to Mortgagee. Pursuant to that certain Loan and Security Agreement dated as of June 15, 1995 (said loan and security agreement, as may be amended, replaced and/or restated from time to time shall be hereinafter be referred to as the "Loan Agreement") entered by and among Mortgagee, Mortgagor, Guarantor 3, Guarantor 4 and Rothner (i) that certain term note (said term note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Guarantor 3 Term Note") in the principal amount of \$2,500,000.00, payable, along with interest, as specified in the Guarantor 3 Term Note has been or is being contemporaneously executed and delivered by Guarantor 3 to Mortgagee; and (ii) that certain revolving note (said revolving note, as may from time to time be amended, modified, substituted for, restated, renewed and/or extended, shall hereinafter be referred to as the "Guarantor 4 Revolving Note") (the Guarantor 4 Revolving Note, the Guarantor 3 Term Note, the Borrower 1 Term Note, the Borrower 2 Revolving Note, the Borrower 3 Term Note and the Borrower 4 Revolving Note shall sometimes be hereinafter individually referred to as a "Note" and collectively, as the "Notes") in the principal amount of \$300,000.00, payable, along with interest, as specified in the Guarantor 4 Revolving Note has been or is being contemporaneously executed and delivered by Guarantor 4 to Mortgagee.

1.02 Guaranties. Pursuant to (A) that certain guaranty entered into by the Mortgagor dated the date of Amendment No. 1 to this Mortgage (said guaranty, as may from time to time be extended, amended, modified, substituted, restated, confirmed and/or reaffirmed shall be referred to as the "Borrower 1 Guaranty"), Mortgagor guaranteed all of the indebtedness, obligations and liabilities of Borrower 1 to Mortgagee, whether now existing or hereafter arising, and howsoever created, arising or evidenced,

including, but not limited to, pursuant to the Lake County Loan Agreement and the Borrower 1 Term Note; and (B) that certain guaranty entered into by the Mortgagor dated the date of Amendment No. 1 to this Mortgage (said guaranty, as may from time to time be extended, amended, modified, substituted, restated, confirmed and/or reaffirmed shall be referred to as the "Borrower 2 Guaranty"), Mortgagor guaranteed all of the indebtedness, obligations and liabilities of Borrower 2 to Mortgagee, whether now existing or hereafter arising, and howsoever created, arising or evidenced, including, but not limited to, pursuant to the Lake Crest Loan Agreement and the Borrower 2 Revolving Note; and (C) that certain guaranty entered into by the Mortgagor dated the date of Amendment No. 1 to this Mortgage (said guaranty, as may from time to time be extended, amended, modified, substituted, restated, confirmed and/or reaffirmed shall be referred to as the "Borrower 3 Guaranty"), Mortgagor guaranteed all of the indebtedness, obligations and liabilities of Borrower 3 to Mortgagee, whether now existing or hereafter arising, and howsoever created, arising or evidenced, including, but not limited to, pursuant to the Lake Crest Loan Agreement and the Borrower 3 Term Note; and (D) that certain guaranty entered into by the Mortgagor dated the date of Amendment No. 1 to this Mortgage (said guaranty, as may from time to time be extended, amended, modified, substituted, restated, confirmed and/or reaffirmed shall be referred to as the "Borrower 4 Guaranty"), Mortgagor guaranteed all of the indebtedness, obligations and liabilities of Borrower 4 to Mortgagee, whether now existing or hereafter arising, and howsoever created, arising or evidenced, including, but not limited to, pursuant to the Lake Crest Loan Agreement and the Borrower 4 Revolving Note; and (E) that certain guaranty entered into by the Mortgagor dated as of June 15, 1995 (said guaranty, as may from time to time be extended, amended, modified, substituted, restated, confirmed and/or reaffirmed shall be referred to as the "Guarantor 4 Guaranty") (the Borrower 1 Guaranty, the Borrower 2 Guaranty, the Borrower 3 Guaranty,

the Borrower 4 Guaranty and the Guarantor 4 Guaranty shall sometimes be hereinafter individually referred to as a "Guaranty" and collectively, as the "Guaranties"), Mortgagor guaranteed all of the indebtedness, obligations and liabilities of Guarantor 4 to Mortgagee, whether now existing or hereafter arising, and howsoever created, arising or evidenced, including, but not limited to, pursuant to the Loan Agreement and the Guarantor 4 Revolving Note.

1.03 Hypothecation. (A) The members holding a majority of interest of Mortgagor also hold a majority of membership interests of each of Borrower 1, Borrower 2, Borrower 3, Borrower 4 and Guarantor 4; and (B) the making of the loans which are the subject of the Borrower 1 Term Note, the Borrower 2 Revolving Note, the Borrower 3 Term Note, the Borrower 4 Revolving Note and the Guarantor 4 Revolving Note are for the personal and business benefits to Mortgagor; and (C) Mortgagor wishes to induce Mortgagee to make the loans which are the subject of the Notes (collectively, the "Loans"); and (D) on June 15, 1995, Mortgagor executed and delivered to Mortgagee a hypothecation agreement relating to the Property (as defined below); and (E) contemporaneously with the execution and delivery of Amendment No. 1 to this Mortgage, Mortgagor is executing and delivering a hypothecation agreement relating to the Property.

1.04 This Mortgage. To induce Mortgagee to both enter into the Loan Agreement and make the Loans, and as security for the repayment of the Notes, the payment and performance of the Guaranties and payment and performance of all other indebtedness, obligations and liabilities of Mortgagor, Borrower 1, Borrower 2, Borrower 3, Borrower 4 and/or Guarantor 4 to Mortgagee, howsoever created, arising or evidenced, and whether now existing or hereafter arising, including, but not limited to, under the Loan Agreement, the Lake Crest Loan Agreement and any document entered into or given pursuant to the Loan Agreement and/or the Lake Crest Loan Agreement (all of the indebtedness, liabilities and obligations referenced in

this Section 1.03 shall be collectively referred to as the "Obligations"), Mortgagor has agreed to execute and deliver to Mortgagee this Mortgage (the "Mortgage"). In the event of any conflict between the terms and provisions of this Mortgage and the terms and provisions of the Loan Agreement, the terms and provisions of the Loan Agreement shall control and govern. This Mortgage is given as equal security for all of the Obligations without preference or priority of any part of the Obligations by reason of priority of time or of the negotiation thereof or otherwise.

This Mortgage is given in part to secure "Revolving Credit" obligations as evidenced and witnessed by the Borrower 2 Revolving Note, the Borrower 4 Revolving Note and the Guarantor 4 Revolving Note, and secures not only the indebtedness from Mortgagor, Borrower 1, Borrower 2, Borrower 3, Borrower 4 and/or Guarantor 4 existing on the date hereof, but all such future advances, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise as are made within 20 years from the date hereof, to the same extent as if such future advances were made on the date of the execution of this Mortgage, and although there may be no indebtedness outstanding at the time any advance is made. The lien of this Mortgage as to third persons without actual notice thereof shall be valid as to all indebtedness and future advances from the time this Mortgage is filed for record in the Office of the Recorder of Deeds of the County set forth on Exhibit A attached hereto. The total amount of revolving indebtedness that may be secured by this Mortgage may increase or decrease from time to time, but the total unpaid balances of the Borrower 2 Revolving Note, the Borrower 4 Revolving Note and the Guarantor 4 Revolving Note secured at any one time, shall not exceed the maximum principal amount of the aggregate of the Borrower 2 Revolving Note, the Borrower 4 Revolving Note and the Guarantor 4 Revolving Note (as such revolving notes amended, extended, substituted, restated, replaced or renewed from time to time), plus interest thereon and

any disbursements made by the Mortgagee for the payment of taxes, special assessments, or insurance on the above described real estate, with interest on such disbursements."

2. All references in the Mortgage to "the Guaranty" are amended to read "the Guaranties".

3. All references in the Mortgage to the "Operator" are amended to read "Borrower 1, Borrower 2, Borrower 3, Borrower 4, Guarantor 1, Guarantor 2 and/or Guarantor 4".

4. All references in the Mortgage to the Mortgage shall mean the Mortgage as amended by this Amendment and as may be further amended and/or restated from time to time.

5. In all other respects, the Mortgage is hereby restated, reaffirmed and incorporated herein, the only amendments intended to be made thereto being those above set forth. Except as specifically set forth herein to the contrary, all terms defined in the Mortgage shall have the same meanings herein as therein.

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be duly executed and delivered as of the date first above written.

EAST CHICAGO NURSING HOME,
L.L.C.

By: _____

Eric A. Rother
Title: Manager

ATTEST:

By: _____

Thomas B Hein

Title: Manager



**This Document Prepared By,
and After Filing Shall be
Mailed To:**

**Steven Bright, Esq.
Boehm, Pearlstein & Bright, Ltd.
33 North LaSalle Street
Suite 3500
Chicago, Illinois 60602**



EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1: Lots 11, 12, 13 and 14, and the vacated alley lying East and adjoining Lots 11, 12 and 13 and lying West and adjoining Lot 14; and the North Half of the vacated alley lying South and adjoining said Lot 14, Peto's Addition, in the City of East Chicago, as shown in Plat Book 6, page 12, in Lake County, Indiana.

PARCEL 2: The South 167 feet of Lot 33, Block 5, and the South Half of the vacated alley lying North and adjoining the East 135.27 feet thereof, in Subdivision of the North Half of the Northwest Quarter of Section 33, Township 37 North, Range 9 West of the Second Principal Meridian, in the City of East Chicago, as shown in Plat Book 4, page 4, in Lake County, Indiana.

