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REAL ESTATE MORTGAGE
LAKE COUNTY
FILED FOR RECORD

KNOW ALL MEN BY THESE PRESENTS, That LINCOLNSHIRE HEALTH CARE CENTER, INC., an Indiana corporation, ("Mortgagor"), whose mailing address is 730 West 35th Street, Marion, Indiana 46953, for the purposes hereinafter mentioned and for and in consideration of Eighteen Million and Fifty Thousand and 00/100 Dollars (\$18,050,000) received to Mortgagor's satisfaction from

KEY CORPORATE CAPITAL INC.
525 Vine Street
Cincinnati, Ohio 45202

("Mortgagee"), does give, grant, bargain, sell, convey, mortgage and warrant unto Mortgagee, its successors and assigns, the following described property:

- A. Land. The real property described in Exhibit A attached hereto (the "Land").
- B. Improvements. All buildings, structures and improvements, and all additions or alterations thereto, now or hereafter erected on the Land, including but not limited to any attachments, apparatus and other articles now or hereafter attached to such buildings, structures and improvements (collectively, "Improvements").
- C. Fixtures. All right, title and interest of Mortgagor in and to all materials, supplies, equipment, apparatus, personal property, goods and other items, excluding inventory and motor vehicles, now or hereafter attached to, installed in, located on or used in connection with (temporarily or permanently) any of the Improvements or the Land, including but not limited to, all partitions, window screens, shades, drapes and other window coverings, carpets, rugs, and other floor coverings, furniture, furnishings, awnings, motors, engines, boilers, furnaces, pipes, plumbing, sprinkler systems, fire prevention or extinguishing apparatus and equipment, water tanks, light fixtures, communication systems, appliances, antennas, building materials, landscaping, and all equipment, machinery, fixtures and fittings used in connection with the generation, distribution, regulation or metering of air, water, heat, electricity, fuel or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects or for the removal of dust, refuse or garbage, it being intended and agreed that all such items be conclusively deemed to be fixtures (collectively, "Fixtures"). The Land, the Improvements and the Fixtures are sometimes hereafter referred to, collectively, as the "Property."
- D. Leases, Rents, etc. All leases, subleases, licenses, concessions or other agreements now or hereafter in effect, which grant to a third party a possessory interest in, or right to use, all or a portion of the Property (collectively, "Leases"), and the rents, issues, profits, royalties, income and other benefits payable under all such Leases, including without limitation, all security deposits, advance rentals and deposits or payments of a similar nature, or otherwise arising from the use or enjoyment of all or any portion of the Property (collectively, "Rents"). As long as no "Default" (as hereinafter defined) exists under this Mortgage, the grant contained in this Paragraph D is subject

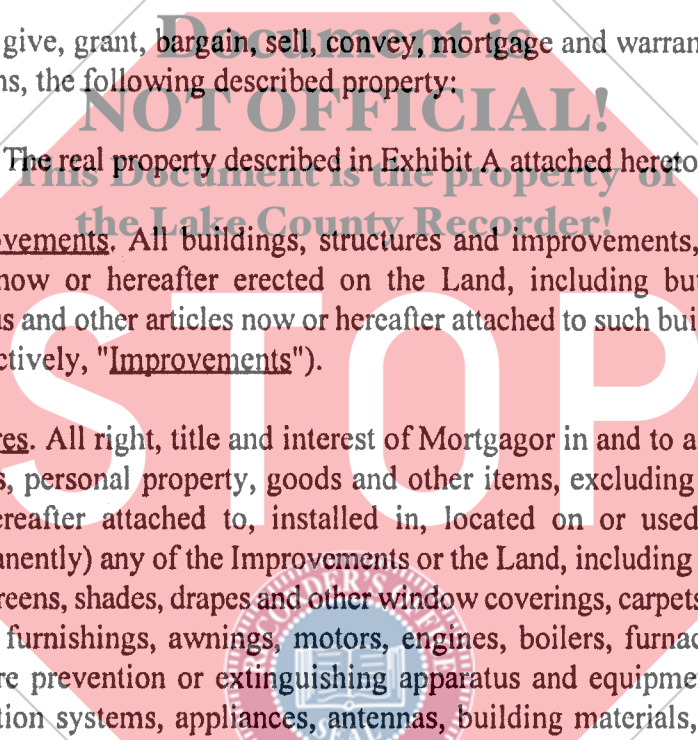
KEY CORPORATE CAPITAL COMPANY

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For agent

re recording mortgage after deed

8023201



STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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to the right of Mortgagor to collect and use the Rents from each Lease (but not more than one month in advance).

E. Easements. Any and all easements, rights-of-way (including rights in any open or proposed street), sidewalks, alleys, strips of land, waters, water rights and powers and shares of stock evidencing the same and other rights, used in connection with the Property or as a means of access thereto or which are otherwise of benefit thereto to the users thereof, and all tenements, hereditaments and appurtenances thereto.

F. Proceeds. All proceeds of the conversion of the Mortgaged Property, whether voluntary or involuntary, into cash or liquidated claims, any and all awards (or claims for awards) made for a taking by eminent domain, or by any event in lieu thereof, of all or any part of the Mortgaged Property, including, without limitation, awards for severance damages, any proceeds (or claims for proceeds) of casualty, liability or other insurance pertaining to the Mortgaged Property or otherwise required hereunder and all refunds of real estate taxes and assessments with respect to the Property (collectively, "Awards and Proceeds").

G. Claims. Any claim or demand against anyone with respect to damage to the Mortgaged Property, including without limitation, damage arising from any defect in the design or construction of the Improvements or in the condition of the Property (collectively, "Claims").

H. Deposits. Deposits or security or advance payments made by or on behalf of Mortgagor to others with respect to (a) insurance policies relating to the Mortgaged Property, (b) utility services for the Mortgaged Property and (c) maintenance, repair or similar services for the Mortgaged Property (collectively, "Deposits").

I. Contract Rights and Permits. All management agreements, construction contracts, architects' agreements, payment and performance bonds, licenses, permits, certificates and other contracts necessary or useful in connection with the ownership, use, enjoyment, occupancy, management or operation of the Property (collectively, "Contract Rights").

J. Additional Interests. All interests, estate or other claims, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Mortgaged Property or any part thereof or any interest therein.

All of the property hereinbefore mentioned is hereinafter referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property to Mortgagee, its successors and assigns, for the uses and purposes herein expressed, namely:

FOR THE PURPOSE OF SECURING:

ONE: (a) Payment of indebtedness evidenced by a certain revolving promissory note, including any renewals, refinancings, or extensions of the whole or any part thereof, bearing even

date herewith executed by: Mortgagor in the maximum principal sum of \$1,000,000, containing provisions for the payment thereof in installments, the balance of said Note being due and payable on January 31, 1999, it being expressly agreed in said Note that the whole of said principal sum then unpaid may be declared and become due and payable upon the occurrence of an Event of Default (as hereinafter defined), (b) Payment of indebtedness evidenced by a certain promissory note, including any renewals, refinancings, or extensions of the whole or any part thereof, bearing even date herewith executed by: Mortgagor in the original principal sum of \$13,050,000, containing provisions for the payment thereof in installments, the balance of said Note being due and payable in full on January 1, 2003, it being expressly agreed in said Note that the whole of said principal sum then unpaid may be declared and become due and payable upon the occurrence of an Event of Default (as hereinafter defined), (c) payment of indebtedness evidenced by a certain promissory note in the principal sum of \$4,000,000 which may be issued pursuant to the Loan Agreement among Mortgagor, Mortgagee and others, as defined in the Loan Agreement (which term is defined herein) and (d) an Interest Rate Swap Agreement, as defined in the Loan Agreement (singularly or collectively the "Note").

In addition to the said monthly payments of principal and interest, Mortgagor, upon the occurrence and continuance of any Event of Default, also hereby agrees to pay to Mortgagee monthly a sum equal to one-twelfth (1/12th) of the annual taxes, assessments, and reassessments levied against the premises hereinabove described and one-twelfth (1/12th) of the annual premium of the insurance insuring said premises as estimated or computed in each instance by Mortgagee, which payments Mortgagee is hereby authorized to accumulate and commingle with other funds of Mortgagee without any obligation to pay interest thereon and use for the payment of taxes, assessments and reassessments and insurance premiums as the same become due and payable, provided the amount deposited with Mortgagee from such monthly deposits and from any additional deposit requested by Mortgagee is sufficient with which to pay the same.

In addition to the rights granted to the Mortgagee pursuant to Section SIXTH hereof, and in addition to the debt or other obligations secured hereby, this Real Estate Mortgage shall also secure unpaid balances of advances made by Mortgagee, with respect to the Mortgaged Property, for the payment of taxes, assessments, insurance premiums, or costs incurred for the protection of the Mortgaged Property;

TWO: Payment by Mortgagor to the Mortgagee of all sums expended or advanced by Mortgagee pursuant to any term or provision of this Real Estate Mortgage or of the Loan Agreement entered into between Mortgagor and Mortgagee dated of even date herewith ("Loan Agreement");

THREE: Performance and observance of each covenant and agreement of Mortgagor herein contained and contained in the Loan Agreement; and

FOUR: Payment by Mortgagor to Mortgagee of all other liabilities and indebtedness, direct or contingent, now or hereafter owing by Mortgagor to Mortgagee.

FOR THE CONSIDERATION AFORESAID, Mortgagor covenants and agrees with Mortgagee as follows:

FIRST: That at the time of the ensealing and delivery of these presents, Mortgagor is well seized of the Mortgaged Property as a good and indefeasible estate in fee simple or leasehold interest as described on Exhibit A and has good right to bargain, sell mortgage and warranty the same in manner and form as above written; that the Mortgaged Property is free and clear of all easements, reservations, conditions, restrictions, encumbrances and liens whatsoever, except liens for taxes and assessments not yet due and payable, building and use restrictions of record and zoning ordinances, if any, and except those set forth upon Exhibit B and attached hereto (collectively the "Permitted Encumbrances"), and that Mortgagor will warrant and defend the title to the Mortgaged Property forever against the claims and demands of all persons whomsoever.

SECOND: Mortgagor will not voluntarily create or permit to be created or filed against the Mortgaged Property, any mortgage lien or other lien or liens inferior or superior to the lien of this Real Estate Mortgage, except the Permitted Encumbrances, or if filed, will have same discharged of record either by payment, the bonding thereof, or other lawful means for discharging any such lien, within sixty (60) days after notice of filing, and on the failure of the Mortgagor to perform these covenants, or any part thereof, thereupon the principal and all arrears of interest shall, at the option of the Mortgagee, or any holder of the Note, become due and payable, anything contained herein to the contrary notwithstanding.

THIRD: Under the Loan Agreement, Mortgagor has agreed to borrow from Mortgagee and Mortgagee has agreed to lend to Mortgagor sums aggregating \$18,050,000. The Loan Agreement is incorporated herein by reference, and Mortgagor and Mortgagee hereby agree to fulfill and perform according to the terms thereof. The Loan Agreement obligates Mortgagee to advance definite and certain sums under definite conditions, in a particular manner, and at the times and upon the conditions set forth therein.

Mortgagor and Mortgagee therefore intend and agree that this Real Estate Mortgage shall secure the unpaid balance of any loan advances made pursuant to the Loan Agreement or the Note, after this Real Estate Mortgage is delivered to the Recorder of Lake County, Indiana, by Mortgagee to Mortgagor to the extent that the maximum total unpaid loan indebtedness secured hereby, exclusive of interest thereon and exclusive of unpaid balances of advances made for the payment of taxes, assessments, insurance premiums, and costs incurred for the protection of the Mortgaged Property, which may be outstanding at any one time does not exceed \$18,050,000. Mortgagor further agrees and covenants that the covenants contained in this Real Estate Mortgage shall apply to all such additional loan advances as well as the original principal sums set forth in paragraphs ONE, TWO, THREE and FOUR above. Any and all such further advances, with interest, shall be secured by this Real Estate Mortgage.

FOURTH: Mortgagor will keep all buildings and other insurable property now or hereafter erected or placed in or on said Mortgaged Property insured as may be required from time to time by Mortgagee against loss by fire and other hazards, casualties and contingencies, in such amounts and

for such periods as may be required by Mortgagee. All such insurance shall be carried in companies approved by Mortgagee and shall include a provision satisfactory to it making loss payable to Mortgagee as its interest may appear. All policies of insurance shall be delivered to and held by Mortgagee and Mortgagor will promptly pay when due all premiums for such insurance. Not less than ten days prior to the expiration of any policy of insurance, Mortgagor will deliver to Mortgagee renewal or new policies in like amounts covering the same risks. Should any loss occur to the insured property, Mortgagor will promptly give notice by mail to Mortgagee of such loss or damage and will not adjust or settle such loss without the written consent of Mortgagee, and Mortgagee is hereby appointed attorney-in-fact for Mortgagor to make proof of loss if Mortgagor fails to do so promptly, to receipt for any sums collected under said policies, which said sums or any part thereof at the option of Mortgagee may be applied as payment on the indebtedness hereby secured or to the restoration or repair of the property so destroyed or damaged, and, in the event any insurance losses are paid by check, draft or other instrument payable to Mortgagor and Mortgagee jointly, Mortgagee may endorse Mortgagor's name thereon and take such further steps on behalf of Mortgagor as are necessary to realize on such instrument. Mortgagor may request such insurance proceeds be made available to repair any casualty, which consent thereto shall not be unreasonably withheld by Mortgagee. In the event of foreclosure of this Real Estate Mortgage, all right, title and interest of Mortgagor in and to any insurance, policy then in force pass to the Mortgagee who is hereby appointed attorney-in-fact for Mortgagor to assign and transfer such policies.

FIFTH: Mortgagor will at all times maintain the Mortgaged Property in good and substantial repair, free from waste or nuisance of any kind; will make all repairs, replacements, improvements and additions which may be necessary to preserve and maintain the Mortgaged Property; will permit Mortgagee, its agents or representatives to inspect the same at any reasonable time; will comply with all reasonable requirements made by Mortgagee with respect to maintaining and preserving said property; will comply with all laws, ordinances and regulations affecting said property or its use; will not materially alter, destroy or remove any of the buildings, improvements or property covered by this Real Estate Mortgage or permit the Mortgaged Property to be altered, destroyed or removed or used for any purpose other than that for which it is now used without first obtaining Mortgagee's written permission; will complete in a good workmanlike manner any building or improvement which is being or may be constructed or repaired thereon; any alterations, improvements or other work on the Mortgaged Property shall be performed under a no-lien contract with its contractor and shall be recorded as provided by statute; will pay when due all claims for labor performed and material furnished and will not permit any lien of mechanics or materialmen nor any judgment lien to attach to the Mortgaged Property.

SIXTH: Mortgagor will pay before they become delinquent, all taxes (both general and special), assessments, water rates, sewer service or other governmental or municipal charges, fines, or impositions lawfully levied or assessed against the Mortgaged Property, or any part thereof, or upon the rents, income and profits thereof, so that the lien and priority of this Real Estate Mortgage shall be fully preserved; will promptly at the request of Mortgagee deliver to Mortgagee the receipt showing such payment; and will allow no payment of any taxes, assessments or governmental charges by a third party with subrogation attaching; nor permit the Mortgaged Property or any part thereof to be sold or forfeited for any tax, assessment or governmental charge whatsoever.

SEVENTH: In case the Mortgagor fails to make payment of any taxes, assessments, liens, insurance premiums or any other charges herein covenanted by them to be paid at the time when the same shall become due and payable, or shall default in the performance of any other covenant hereunder or under the Loan Agreement, then in such case Mortgagee in its discretion, but no obligation is hereby imposed upon it so to do, or any receiver appointed hereunder, may make payment of any such sums and perform any such covenants in respect of which there has been a default, and Mortgagor agrees promptly to repay any sums so advanced, without demand, with interest at the rate applicable to such payments as set forth in the Note from the date of such payments or advances and such sums so advanced or expended, with interest as aforesaid, shall be secured hereby and shall be included or allowed in any judgment or decree in any foreclosure suit or other proper judicial processing, but no such advance shall relieve Mortgagor of the consequences of any such default.

EIGHTH: Mortgagor will immediately upon demand reimburse the Mortgagee for the cost and expense of any appraisal of the Mortgaged Property obtained by Mortgagee on or after the date of this Real Estate Mortgage, if such appraisal is obtained by Mortgagee pursuant to the requirements of any law, statute, rule, regulation, interpretive ruling, opinion or directive of any federal or state governmental agency or unit governing, regulating, or controlling the activities of Mortgagee, whether now existing or hereafter enacted.

NINTH: Mortgagor will execute, acknowledge and deliver all and every such further assurance in law for the better assuring, conveying, assigning and transferring unto Mortgagee all and singular the Mortgaged Property hereby conveyed, assigned or transferred or intended so to be or which Mortgagor may be or hereafter become bound to convey, assign or transfer to Mortgagee, in such manner as Mortgagee shall reasonably require. All awards of damages in connection with any condemnation for public use of or injury to any of said Mortgaged Property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under the Note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award.

TENTH: Mortgagor represents and warrants that to the best of Mortgagor's knowledge there has never be any event ("Environmental Event") which would be deemed a release or a disposal of any hazardous, toxic or dangerous substance, waste or material, at, on or in connection with the Mortgaged Property ("Hazardous Material") defined as such in, or for the purpose of, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq. any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or any Hazardous Material ("Environmental Law"). Mortgagor further represents and warrants that the Mortgaged Property is not subject to the disclosure requirements of the Indiana Responsible Property Transfer Law (Indiana Code 13-25-3-1 et seq.) If Mortgagor receives (a) any notice of an Environmental Event affecting Mortgagor or the Mortgaged Property or any part thereof (b) any complaint, order, citation or notice with regard to air emissions, water discharges, noise, emissions or any other environmental, health or safety matter affecting Mortgagor or the Mortgaged Property or any part thereof from any court, governmental or quasi governmental agency or other entity which

is authorized by law to issue orders under any Environmental Law or from anyone else, Mortgagor shall give, within three (3) days, written notice thereof to Mortgagee. Mortgagor will immediately upon demand reimburse Mortgagee for the cost and expense of any environmental inspection or assessment of the Mortgaged Property obtained by Mortgagee on or after the date of this Real Estate Mortgage, which inspection or assessment may be obtained by Mortgagee in its sole discretion.

The Mortgagor hereby agrees to indemnify and hold the Mortgagee harmless from any and all losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims of any and every kind whatsoever (including attorneys' fees and costs) paid, incurred or suffered by, or asserted against the Mortgagee as a result of any claim, demand, or judicial or administrative action by any person or entity (including governmental or private entities) for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Mortgaged Property of any Hazardous Material (including costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether or not caused by, or within the control of, the Mortgagor.

ELEVENTH: An "Event of Default" shall be deemed to have taken place within the meaning of this Real Estate Mortgage in case:

- (a) Default shall be made in making any payment under any of the Notes or on account of any other indebtedness of Mortgagor to Mortgagee within any applicable grace period;
- (b) Default shall be made in the performance or observance of any covenant, or agreement of Mortgagor herein contained or other mortgage from or related entity of Mortgagee;
- (c) Any material representation, warranty, certification, or information made or furnished to Mortgagee by or behalf of the Mortgagor is inaccurate or misleading in any material respect when made or furnished;
- (d) Subject to any applicable grace periods, default shall be made in the performance or observance of any representation, warranty, covenant, condition or agreement on the part of Mortgagor to be kept or performed under the Loan Agreement or the Loan Documents, as defined therein or any other contract, agreement, note, mortgage, pledge agreement, guaranty or any other instrument or document now or hereafter executed and delivered by Mortgagor to evidence, to secure, or in connection with, any indebtedness of Mortgagor to Mortgagee (including, without limitation, the Notes) or to any other financial institution;
- (e) Mortgagor shall abandon any of the Mortgaged Property or shall sell, lease, convey or transfer (or contract to sell, lease, convey or transfer) except in the ordinary course of business all or any part of the Mortgaged Property without first obtaining

Mortgagee's written consent, which consent may not be unreasonably withheld conditioned or delayed;

- (f) Mortgagor shall assign all or any part of the rents and profits of the Mortgaged Property other than to Mortgagee without first obtaining Mortgagee's written consent or, by the cancellation, surrender or modification of any existing lease (or in any other manner) the security for the payment of the indebtedness hereby secured shall be in any manner materially impaired;
- (g) Any party liable for the indebtedness hereby secured shall make a general assignment for the benefit of creditors, become insolvent or file a petition for voluntary bankruptcy or shall file a petition or answer seeking reorganization of such party or an arrangement or composition, extension or readjustment of his indebtedness or consent to the appointment of a receiver or trustee of any such party or his property or any part thereof; or
- (h) A petition for proceedings in bankruptcy or for the reorganization of any party liable for the indebtedness hereby secured or for an arrangement or composition, extension or readjustment of the indebtedness of any such party, shall be filed against him and he shall admit the material allegations thereof or any order, judgment or decree shall be made approving such petition, or a receiver or trustee of any such party or his property or any part thereof shall be appointed;

and in any and every such case the Mortgagee may proceed forthwith to enforce the same as hereafter set forth.

TWELFTH: In the event of a default as hereinbefore provided, Mortgagee may, in its discretion, declare, without notice, all sums secured hereby and any and all other indebtedness of Mortgagor to Mortgagee immediately due and payable and in that event, Mortgagor agrees that Mortgagor will make payment of said sums accordingly.

THIRTEENTH: In the event of a default as hereinabove provided, Mortgagee may take possession of the Mortgaged Property, manage it and collect rents, issues and profits therefrom and apply the same, less reasonable costs of collection, upon the indebtedness hereby secured, and all leases, rents, issues and profits of the Mortgaged Property, after the security shall become enforceable, are hereby assigned and mortgaged to Mortgagee as additional security for the indebtedness secured hereby. Any and all of the rights and remedies granted by this paragraph shall accrue and become available to Mortgagee whether or not a receiver has been appointed or a foreclosure action has been commenced.

FOURTEENTH: In the event of a default as hereinbefore provided, the Mortgagee may take appropriate judicial proceedings or proceed with any right or remedy, independent of or in aid of the power of entry hereinbefore conferred, as it may deem best for the protection and enforcement of its rights hereunder or to foreclosure the lien hereof, or to enforce any right or remedy available to

it under the laws of the State of Indiana, or to cause the Mortgaged Property to be sold as a whole or in parcels under the judgment or decree of a court or courts of competent jurisdiction, or may proceed to protect and enforce its rights by any other proper legal or equitable remedy as it shall deem most effectual.

FIFTEENTH: Upon commencement of any judicial proceedings to enforce any right under this Real Estate Mortgage, the court in which such proceeding is brought, at any time thereafter, without notice to Mortgagor or any party claiming under Mortgagor (such notice being hereby expressly waived) and without reference to the then value of the Mortgaged Property, to the use of said property as a homestead or to the solvency or insolvency of any person liable for said indebtedness or other grounds for extraordinary relief, may appoint a receiver for the benefit of Mortgagee with power to take immediate possession of the Mortgaged Property, manage, rent and collect the rents, issues and profits thereof and such rents, issues and profits when collected may be applied toward the payment of any indebtedness then due and secured hereby and the costs, taxes, insurance or other items necessary for the protection and preservation of the Mortgaged Property, including the expenses of such receivership.

SIXTEENTH: Mortgagor will not claim the benefit of any stay, extension, valuation, appraisalment or redemption law now or at any time or in force.

SEVENTEENTH: Every right and remedy provided in this Real Estate Mortgage shall be cumulative of every other right or remedy of Mortgagee whether herein or by law conferred and may be enforced concurrently therewith and no acceptance of the performance of any obligation as to which Mortgagor shall be in default, or waiver of particular or single performance of any obligation or observance of any covenant, shall be construed as a waiver of the obligation or covenant or as a waiver of any other default then, theretofore or thereafter existing.

EIGHTEENTH: Mortgagee may, at any time and without notice, deal in any way with Mortgagor or any guarantor(s) of Mortgagor's obligations to Mortgagee and may grant to any of them any indulgences or forbearances or any extensions of the time of payment of any indebtedness secured hereby, or a release of liability for the payment of any such indebtedness, or may, with or without consideration, release portions of the Mortgaged Property from the lien hereof. No such act or acts of Mortgagee shall affect the personal liability of any other person for the payment of the indebtedness secured hereby or the lien of this Real Estate Mortgage upon the remainder of the Mortgaged Property for the full amount of the indebtedness secured hereby.

NINETEENTH: The term "Mortgagor" whenever used in this Real Estate Mortgage shall include not only each person and organization signing this Real Estate Mortgage but also any person or organization who hereafter may assume payment of any or all of the indebtedness secured hereby, together with the respective heirs, representatives, successors and assigns of such persons and organizations, and the term "Mortgagee" wherever used in this Real Estate Mortgage shall include any lawful owner, holder, assignee or pledgee of any indebtedness secured hereby. The representations, warranties, covenants, agreements, and obligations herein contained shall be deemed

to be jointly and severally made and assumed by each person or organization executing this Real Estate Mortgage.

TWENTIETH: Mortgagee, by causing or consenting to the filing of this Real Estate Mortgage for record, acknowledges it is obligated to disburse the entire amount of the original indebtedness of \$18,050,000, including future advances and re-advances, secured hereby in accordance with the provisions of the Loan Agreement and of this Real Estate Mortgage.

TWENTY FIRST: As long as the debt secured hereby remains unpaid in whole or in part, the Mortgagor agrees to furnish to Mortgagee, upon request by Mortgagee, annually, financial statements certified by Mortgagor in accordance with the requirements of the Loan Agreement.

TWENTY SECOND: In the event Mortgagee engages counsel to represent it in connection with any breach or default, or threatened breach or default, hereof by Mortgagor or to construe or enforce compliance with this Real Mortgage, then Mortgagee shall be entitled to recover from Mortgagor all attorney fees, disbursements and costs so incurred, and all such amounts shall be immediately due and payable and secured by the lien hereof.

TWENTY THREE: If any term or provision hereof, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Real Estate Mortgage or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby; and each term, covenant, condition and provision hereof shall be valid and be enforced to the fullest extent permitted by law.

PROVIDED, ALWAYS, that if Mortgagor shall pay unto Mortgagee the principal of and interest on the Note, when and as the same shall become due and payable, whether by acceleration or otherwise, and shall pay any and all other sums payable under the Note or under this Real Estate Mortgage or secured by this Real Estate Mortgage or the Loan Agreement, and shall grant unto the Mortgagee such additional assurances as Mortgagee may request, then and in that case, the premises hereby conveyed and all rights and interests therein and thereto shall revert to Mortgagor and the estate, right, title and interest of Mortgagee therein shall thereupon cease, determine and become void, and in such case Mortgagee shall execute and deliver to Mortgagor, at Mortgagor's cost, an appropriate release and discharge of this Real Estate Mortgage in form to be recorded.

IN WITNESS WHEREOF, this Real Estate Mortgage has been executed at Indianapolis, Indiana, this 6th day of February, 1998.

Signed, acknowledged and delivered in the presence of:

Mortgagor:

Wm Deas

LINCOLNSHIRE HEALTH CARE CENTER, INC.

Print name: WM. G. DEAS

Print name: _____

By: [Signature]
Name: GARY L. OTT
Title: President

STATE OF INDIANA)

COUNTY OF Marion)

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

Before me, a Notary Public in and for said county and state, personally appeared Gary L. Ott, by me known and by me known to be the President of LINCOLNSHIRE HEALTH CARE CENTER, INC., an Indiana corporation, who acknowledged execution of the foregoing instrument on behalf of said corporation.

Commission Expires: _____

[Signature]
Notary Public

County of Residence: _____

Printed Signature



This Instrument Prepared By:
N. Robert Goad, Jr.
One Dayton Centre
One South Main Street, Suite 1600
P.O. Box 1805
Dayton, OH 45402-2028
Telephone: (937) 449-6721

TERI L. MONTGOMERY
MARION COUNTY RESIDENT
COMMISSION EXPIRES: 5-13-98

2/5/98 (4:11 pm)
DAYTON/0087152.06

EXHIBIT A

LINCOLNSHIRE

The North 405 feet of Lot "E", except the North 125.00 feet of the West 100.00 feet thereof,
Lincoln Square, in the town of Merrillville, as shown in Plat Book 43, Page 137, in Lake County,
Indiana.



EXHIBIT B

Lincolnshire Health Care Center, Inc.

1. Real estate taxes which are a lien but not yet due and payable.
2. Merrillville Conservatory District assessments which are a lien but not yet due and payable.
3. Restrictions dated October 3, 1973 and recorded October 3, 1973, as Document No. 223585, made by Lake County Trust Company, as Trustee under the provisions of a certain Trust Agreement dated the 19th day of April, 1973 and know as Trust No. 1972.
4. Easement for roadway dated April 29, 1975 and recorded June 19, 1975 as Document No. 303944, as shown on survey prepared by Krull & Sons, Inc. dated December 16, 1997 and last revised February 4, 1998. (the "Survey").
5. Easement for underground electrical lines dated April 29, 1975 and recorded June 19, 1975 as Document No. 303946 as shown on the Survey.
6. Easement for Electrical lines and gas mains, and the terms and provisions contained therein, recorded June 19, 1975 as Document No. 303945 to Northern Indiana Public Service Company, an Indiana corporation, as shown on the Survey.
7. A 16 foot drainage and utility easement affecting the west 16 feet of the land, as indicated on plat of Lincoln Square, in the Town of Merrillville, and recorded in Plat Book 43, page 137.
8. Easement for utilities, and the terms and provisions contained therein, recorded on November 19, 1985 as Document No. 829524 to Northern Indiana Public Service Company and as shown on the Survey.
9. Encroachment of the frame shed, over and upon the recorded on November 19, 1995 as Document No. 829524 and as shown on the Survey.