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AFTER RECORDING RETURN TO:
FIDELITY NATIONAL TITLE
INSURANCE COMPANY
200 Galleria Pkwy, Suite 1695
Atlanta, GA 30339

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

3

Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: Joseph Vidulich, Esq.

2000 068013

2001 SEP 19 AM 9:44

MORRIS W. CARTER
RECORDER

Space Above This Line For Recorder's Use

WHITING MEDICAL INVESTORS, LLC
(Owner)
Document is NOT OFFICIAL!
and
This Document is the property of
CONSOLIDATED RESOURCES HEALTH CARE FUND I, L.P.
(Operator)

STOP
to
COLUMN FINANCIAL, INC.
(Lender)

MORTGAGE AND SECURITY AGREEMENT

Date: As of August 31, 2000



THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS AS A FIXTURE FILING IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE AND CROSS-INDEXED IN THE REAL ESTATE SECURITY INSTRUMENT RECORDS. THE NAMES OF THE DEBTOR AND THE SECURED PARTY, MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTERESTS MAY BE OBTAINED, THE MAILING ADDRESS OF THE DEBTOR, A STATEMENT INDICATING THE TYPES, OR DESCRIBING THE ITEMS, OF COLLATERAL, THE DESCRIPTION OF REAL ESTATE CONCERNED, AND THE NAME OF THE RECORD OWNER OF THE REAL ESTATE, IF OTHER THAN THE DEBTOR, ARE SET FORTH IN, OR BY REFERENCE IN, EXHIBIT 1 ATTACHED HERETO AND MADE A PART HEREOF.

6900
Ac
C.T.

FACILITY: Hammond-Whiting Convalescent Center

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (this "**Security Instrument**") is made as of the 31st day of August, 2000, between **WHITING MEDICAL INVESTORS, LLC**, a Tennessee limited liability company ("**Owner**") and **CONSOLIDATED RESOURCES HEALTH CARE FUND I, L.P.**, a Georgia limited partnership ("**Operator**"), jointly and severally, as mortgagor (collectively, "**Borrower**"), each having an address at 3570 Keith Street, NW, Cleveland, Tennessee 37320-3480, and **COLUMN FINANCIAL, INC.**, a Delaware corporation, as mortgagee ("**Lender**"), whose address is 3414 Peachtree Road, N.E., Suite 1140, Atlanta, Georgia 30326-1113.

WITNESSETH:

THAT FOR AND IN CONSIDERATION OF THE SUM OF TEN AND NO/100 DOLLARS (\$10.00), AND OTHER VALUABLE CONSIDERATION, INCLUDING THE INDEBTEDNESS HEREIN RECITED AND THE TRUST HEREIN CREATED, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, BORROWER HEREBY IRREVOCABLY MORTGAGES, GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS, PLEDGES, SETS OVER AND ASSIGNS, AND GRANTS A SECURITY INTEREST, TO AND IN FAVOR OF LENDER, ITS SUCCESSORS AND ASSIGNS, with power of sale, in all of Borrower's estate, right, title and interest in, to and under any and all of the following described property, whether now owned or hereafter acquired (collectively, the "**Property**") and the operations conducted or to be conducted on or related to the Property:

(A) All that certain real property situated in the County of Lake, State of Indiana, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "**Real Estate**"), together with all of the easements, rights, privileges, franchises, tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining and all of the estate, right, title, interest, claim and demand whatsoever of Borrower therein or thereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

(B) All structures, buildings and improvements of every kind and description now or at any time hereafter located or placed on the Real Estate, including the health care related facility described on Schedule I (the "**Facility**") located on the Real Property (the "**Improvements**");

(C) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, and other emblements now or hereafter located on the Real Estate or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, tenements, hereditaments and appurtenances, reversions and remainders whatsoever, in any way belonging, relating or appertaining to the Property or any part thereof, or which hereafter shall in

any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Borrower;

(D) All furniture, furnishings, fixtures, goods, equipment, inventory or personal property owned by Borrower and now or hereafter located on, attached to or used in or about the Improvements, including, but not limited to, all machines, engines, boilers, dynamos, elevators, stokers, tanks, cabinets, awnings, screens, shades, blinds, carpets, draperies, lawn mowers, beds, linens, televisions, lamps, glassware, and chinaware, and all appliances, plumbing, heating, air conditioning, lighting, ventilating, refrigerating, disposal and incinerating equipment, cleaning apparatus, telephones, cash registers, computers, rehabilitation equipment, restaurant and kitchen equipment, and medical, dental, therapeutic, diagnostic and paramedical equipment and supplies, and all kitchen, medical, dental, diagnostic, rehabilitation and other fixtures and appurtenances thereto, and such other goods and chattels and personal property owned by Borrower as are now or hereafter used or furnished in operating the Improvements, or the activities conducted therein, and all building materials and equipment hereafter situated on or about the Real Estate or Improvements, and all warranties and guaranties relating thereto, and all additions thereto and substitutions and replacements therefor (exclusive of any of the foregoing owned or leased by tenants of space in the Improvements);

(E) All water, water courses, ditches, wells, reservoirs and drains and all water, ditch, well, reservoir and drainage rights and powers which are appurtenant to, located on, under or above or used in connection with the Real Estate or the Improvements, or any part thereof, together (i) with all utilities, utility lines, utility commitments, utility capacity, capital recovery charges, impact fees and other fees paid in connection with same, (ii) reimbursements or other rights pertaining to utility or utility services provided to the Real Estate and/or Improvements and (iii) the present or future use or availability of waste water capacity, or other utility facilities to the extent same pertain to or benefit the Real Estate and/or Improvements, including, without limitation, all reservations of or commitments or letters covering any such use in the future, whether now existing or hereafter created or acquired;

(F) All minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above the Real Estate;

(G) All cash funds, deposit accounts and other rights and evidence of rights to cash, now or hereafter created or held by Lender pursuant to this Security Instrument or any other of the Loan Documents (as hereinafter defined) including, without limitation, all funds now or hereafter on deposit in the Reserves (as defined in the Loan Agreement (as hereinafter defined));

(H) All leases, licenses, tenancies, concessions and occupancy agreements of the Real Estate or the Improvements now or hereafter entered into and all rents, royalties, issues, profits, revenue, income, charges for services rendered or to be rendered (including, without limitation, rights to payment earned under leases for space in the Property for the operation of ongoing retail businesses such as newsstands, concession stands, barbershops, beauty shops, gift shops, cafeterias, dining rooms, restaurants, lounges, vending machines, physicians' offices, pharmacies, laboratories, gymnasiums, swimming pools, tennis courts, golf courses, recreational centers, and specialty shops) and other benefits (collectively, the "Rents" or "Rents and

Profits") of the Real Estate, the Improvements, or the fixtures or equipment, now or hereafter arising from the use or enjoyment of all or any portion thereof or from any lease, license, tenancy, concession, occupancy agreement or other agreement pertaining thereto or arising from any of the Contracts (as hereinafter defined) or any of the General Intangibles (as hereinafter defined) and all cash or securities (the "Security Deposits") to secure performance by the tenants, residents, or other parties, as applicable, of their obligations under any such leases, licenses, concessions or occupancy agreements, whether said cash or securities are to be held until the expiration of the terms of said leases, licenses, concessions or occupancy agreements or applied to one or more of the installments of rent coming due prior to the expiration of said terms, subject to, however, the provisions contained in Section 1.2 of this Security Instrument;

(I) All contracts and agreements now or hereafter entered into covering any part of the Real Estate or the Improvements, whether entered into by Borrower or Borrower's agent or any manager or administrator of the Property, including, without limitation, contracts and agreements with respect to the operations conducted or to be conducted at the Facility (collectively, the "Contracts") and all revenue, income and other benefits thereof, including, without limitation, management agreements, service agreements, administrative and consulting agreements, maintenance contracts, supply contracts, equipment leases, personal property leases and any contracts or documents relating to construction on any part of the Real Estate or the Improvements (including plans, specifications, studies, drawings, surveys, tests, operating and other reports, bonds and governmental approvals) or to the management or operation of any part of the Real Estate or the Improvements;

(J) All present and future monetary deposits given to any public or private utility with respect to utility services furnished to any part of the Real Estate or the Improvements;

(K) All present and future funds, accounts (including, without limitation any rights of Borrower in accounts arising from the operations of the Facility), instruments, accounts receivable, documents, causes of action, claims, general intangibles (including, without limitation, trademarks, trade names, servicemarks and symbols now or hereafter used in connection with any part of the Real Estate or the Improvements, all names by which the Real Estate or the Improvements may be operated or known (but excluding the name Life Care Centers), all rights to carry on business under such names, and all rights, interest and privileges which Borrower has or may have as developer or declarant under any covenants, restrictions or declarations now or hereafter relating to the Real Estate or the Improvements) and all notes or chattel paper now or hereafter arising from or by virtue of any transactions related to the Real Estate or the Improvements and all rebates and refunds of real estate taxes and assessments (and any other governmental impositions related to the Property or the operations conducted or to be conducted on the Property) (collectively, the "General Intangibles");

(L) All water taps, sewer taps, certificates of occupancy, permits, special permits, uses, licenses, franchises, certificates, consents, approvals and other rights and privileges now or hereafter obtained in connection with the Real Estate or the Improvements (including, without limitation, liquor licenses, business licenses, state health department or social service licenses, food service licenses, certificates of need and all such other permits, licenses and rights, obtained from any Health Care Authorities (as defined in the Loan Agreement) concerning ownership,

operation, use or occupancy of the Property, to the extent assignable) and all present and future warranties and guaranties relating to the Improvements or to any equipment, fixtures, furniture, furnishings, personal property or components of any of the foregoing now or hereafter located or installed on the Real Estate or the Improvements;

(M) All building materials, supplies and equipment now or hereafter placed on the Real Estate or in the Improvements and all architectural renderings, models, drawings, plans, specifications, studies and data now or hereafter relating to the Real Estate or the Improvements;

(N) All right, title and interest of Borrower in any insurance policies or binders to the extent that some are now or hereafter relating to the Property including any unearned premiums thereon;

(O) That certain Lease described on Exhibit B attached hereto and incorporated herein by this reference (as the same may be hereafter amended or modified, the "Ground Lease") affecting the Real Estate and the leasehold estates created thereby, including, without limitation, (i) all modifications, extensions and renewals of the Ground Lease; (ii) all rights of Borrower to renew or extend the term of the Ground Lease; (iii) all rights of Borrower to cancel, surrender or terminate the Ground Lease or the leasehold estate created thereby, whether such rights be contractual, statutory, or otherwise; (iv) all other credits, security deposits, options, privileges and rights granted and demised to Borrower under the Ground Lease; and (v) all of Borrower's rights pursuant to Section 365 of the Bankruptcy Code with respect to the Ground Lease and all leasehold estates created thereby, together with all of the easements, rights, privileges, franchises, tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining and all of the estate, right, title, interest, claim and demand whatsoever of Borrower therein or thereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

(P) All proceeds, products, substitutions and accessions (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance, condemnation awards and lease proceeds; and

All other or greater rights and interests of every nature in the Real Estate or the Improvements and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Borrower.

FOR THE PURPOSE OF SECURING:

(1) The obligations evidenced by (a) that certain Promissory Note (such Promissory Note; together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, and extensions thereof, is hereinafter referred to as the "Note") of even date with this Security Instrument, made by Borrower and certain affiliates of Borrower and payable to the order of Lender in the original principal amount of Four Hundred Sixty Nine Million Two Hundred Fifteen Thousand And No/100 Dollars (\$469,215,000.00), together with interest and any fees as therein provided and (b) that certain Guaranty of Payment

(such Guaranty of Payment; together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, and extensions thereof, is hereinafter referred to as the "**Guaranty**") of even date with this Security Instrument, made by Borrower and certain affiliates of Borrower in favor of Lender with respect to (i) that certain promissory note dated of even date with this Security Agreement made by Evergreen Medical Investors, Ltd. and Life Care Centers of America, Inc., and payable to the order of Lender and (ii) that certain promissory note dated the date hereof made by Plano Medical Investors Limited Partnership and Plano Medical Investors, LLC and payable to the order of Lender (collectively, the "**Guaranteed Notes**"), which Note and Guaranty together evidence obligations in the aggregate original principal amount of Four Hundred Eighty Million And No/100 Dollars (\$480,000,000.00) (collectively, the "**Secured Obligations**");

(2) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in any other agreements, documents or instruments now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced by the Note (the Note, the Guaranty, the Loan Agreement, this Security Instrument, the Assignment (as hereinafter defined) and such other agreements, documents and instruments, together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, and extensions and modifications thereof, are hereinafter collectively referred to as the "**Loan Documents**") and the payment of all other sums therein covenanted to be paid; and

(3) Any and all future or additional advances (whether or not obligatory) made by Lender in accordance with the Loan Documents to protect or preserve the Property, or the lien or security interest created hereby on the Property, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of Borrower's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Borrower remains the owner of the Property at the time of such advances), together with interest thereon at the Default Interest Rate (as defined in the Loan Agreement).

(All of the sums referred to in Paragraphs (1) through (3) above are herein sometimes referred to as the "**secured indebtedness**" or the "**indebtedness secured hereby**").

TO HAVE AND TO HOLD the Property unto Lender, its successors and assigns forever, for the purposes and uses herein set forth.

PROVIDED, HOWEVER, that if the principal and interest and all other sums due or to become due under the Note and the Guaranty shall have been paid at the time and in the manner stipulated therein and all other sums payable hereunder and all other indebtedness secured hereby shall have been paid and all other covenants contained in the Loan Documents shall have been performed, then, in such case, this Security Instrument shall be satisfied and the estate, right, title and interest of Lender in the Property shall cease, and upon payment to Lender of all costs and expenses incurred for the preparation of the release hereinafter referenced and all

recording costs if allowed by law, Lender shall release this Security Instrument and the lien hereof by proper instrument.

ARTICLE I.
COVENANTS OF BORROWER

For the purpose of further securing the indebtedness secured hereby and for the protection of the security of this Security Instrument, for so long as the indebtedness secured hereby or any part thereof remains unpaid, Borrower represents, covenants and agrees as follows:

1.1 **Performance of Obligations.** Borrower shall pay when due the principal of and the interest on the indebtedness secured hereby including all charges, fees and other sums required to be paid by Borrower as provided in the Loan Documents, and shall observe, perform and discharge all obligations, and conditions, and comply with all prohibitions, covenants and agreements to be observed, performed or discharged by Borrower set forth in the Loan Documents in accordance with their terms. In the event that Lender determines that Borrower has not performed any obligations to be performed by Borrower under this Security Instrument or under any of the other Loan Documents, Lender may, without limiting or waiving any other rights or remedies of Lender hereunder, after notice to Borrower (except in the case of emergencies or during an Event of Default) take such steps with respect thereto as Lender shall deem necessary or proper, and any and all costs and expenses reasonably incurred by Lender in connection therewith, together with interest thereon at the Default Interest Rate from the date incurred by Lender until actually paid by Borrower, shall be immediately paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

1.2 **Assignment of Leases and Rents.** Borrower acknowledges and confirms that, as additional collateral security for the payment of the indebtedness secured hereby, and cumulative of any and all rights and remedies herein provided, it has executed and delivered to Lender an Assignment of Leases and Rents (the "Assignment"), intending such Assignment to create a present, absolute assignment to Lender of the "Leases" and "Rents", each as defined in the Assignment and has executed and delivered to Lender a Cash Management Agreement. Upon the occurrence of an Event of Default, Lender shall be entitled to exercise any or all of the remedies provided in this Agreement, the Security Instrument, the Assignment and the Cash Management Agreement, including, without limitation, the appointment of a receiver. This Assignment shall continue in full force and effect during any period of foreclosure or redemption with respect to the Property.

1.3 **Security Interest.** This Security Instrument is also intended to encumber and create a security interest in, and Borrower hereby grants to Lender a security interest in, all Reserves, fixtures, chattels, accounts (subject to applicable law), equipment, inventory, contract rights, general intangibles and other personal property included within the Property, all renewals, replacements of any of the aforementioned items, or articles in substitution therefor or in addition thereto or the proceeds thereof (said property is hereinafter referred to collectively as the

"Collateral"), whether or not the same shall be attached to the Real Estate or the Improvements in any manner. It is hereby agreed that to the extent permitted by law, all of the foregoing property is to be deemed and held to be a part of and affixed to the Real Estate and the Improvements. The foregoing security interest shall also cover Borrower's leasehold interest in any of the foregoing property which is leased by Borrower. Notwithstanding the foregoing, all of the foregoing property shall be owned by Borrower and no leasing or installment sales or other financing or title retention agreement in connection therewith shall be permitted without the prior written approval of Lender, except as may be permitted under the Loan Agreement. Borrower shall promptly replace all of the Collateral subject to the lien or security interest of this Security Instrument when worn out or obsolete with Collateral comparable to the worn out or obsolete Collateral when new and will not, without the prior written consent of Lender, remove from the Real Estate or the Improvements any of the Collateral subject to the lien or security interest of this Security Instrument except such as is replaced by an article of equal suitability and value as above provided, owned by Borrower free and clear of any lien or security interest except that created by or permitted under this Security Instrument and the other Loan Documents and except as otherwise expressly permitted by the terms of Section 4.2.10 of the Loan Agreement. All of the Collateral shall be kept at the location of the Real Estate except as otherwise required by the terms of the Loan Documents. Borrower shall not use any of the Collateral in material violation of any applicable statute, ordinance or insurance policy.

1.4 **Security Agreement.** This Security Instrument constitutes both a real property mortgage and a "security agreement" between Borrower and Lender with respect to the Collateral in which Lender is granted a security interest hereunder, and, cumulative of all other rights and remedies of Lender hereunder, Lender shall have all of the rights and remedies of a secured party under any applicable Uniform Commercial Code. Borrower hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Lender the attorney-in-fact of Borrower (exercisable only during an Event of Default or in an emergency) to execute and deliver and, if appropriate, to file with the appropriate filing officer or office, should Borrower refuse to execute, deliver and/or file, such security agreements, financing statements, continuation statements or other instruments as Lender may request or require in order to impose, perfect or continue the perfection of the lien or security interest created hereby. Borrower agrees to furnish Lender with notice of any permitted change in the name, identity, corporate structure, residence, or principal place of business or mailing address of Borrower within ten (10) days of the effective date of any such change. Expenses of retaking, holding, preparing for sale, selling or the like (including, without limitation, Lender's reasonable attorneys' fees and legal expenses), together with interest thereon at the Default Interest Rate from the date incurred by Lender until actually paid by Borrower, shall be paid by Borrower on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. If notice is required by law, Lender shall give Borrower at least ten (10) days' prior written notice of the time and place of any public sale of such property or of the time of or after which any private sale or any other intended disposition thereof is to be made, and if such notice is sent to Borrower, as the same is provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to Borrower. No such notice is necessary for any such property which is perishable, threatens to decline speedily in value or is of a type customarily sold on a recognized

market. Any sale made pursuant to the provisions of this Section 1.4 shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the foreclosure sale as provided in Section 3.1(e) hereof upon giving the same notice with respect to the sale of the Property hereunder as is required under said Section 3.1(e). Furthermore, to the extent permitted by law, in conjunction with, in addition to or in substitution for the rights and remedies available to Lender pursuant to any applicable Uniform Commercial Code:

(a) In the event of a foreclosure sale, the Property may, at the option of Lender, be sold as a whole; and

(b) It shall not be necessary that Lender take possession of the aforementioned Collateral, or any part thereof, prior to the time that any sale pursuant to the provisions of this Section 1.4 is conducted and it shall not be necessary that said Collateral, or any part thereof, be present at the location of such sale; and

(c) Lender may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Lender, including the sending of notices and the conduct of the sale, but in the name and on behalf of Lender.

The name and address of Borrower (as Debtor under any applicable Uniform Commercial Code) are:

Whiting Medical Investors, LLC
Attn: President
3570 Keith Street, NW
Cleveland, Tennessee 37320-3480

Consolidated Resources Health Care Fund I., L.P.
Attn: President
3570 Keith Street, NW
Cleveland, Tennessee 37320-3480

The name and address of Lender (as Secured Party under any applicable Uniform Commercial Code) are:

Column Financial, Inc.
3414 Peachtree Road, N.E.
Suite 1140
Atlanta, Georgia 30326-1113

1.5 **Fixture Filing.** This Security Instrument shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all goods constituting part of the Property which are or are to become fixtures.

1.6 **After-Acquired Property.** All property acquired by Borrower after the date of this Security Instrument which is attached to or relates to the Real Estate or Improvements which by the terms of this Security Instrument shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Borrower and without further mortgage, conveyance or assignment become subject to the lien and security interest created by this Security Instrument.

1.7 **Warranty of Title.** Borrower has good, marketable and indefeasible fee simple title to the Property, a good, marketable and indefeasible leasehold estate under the Ground Lease in and to the Property, subject only to the Permitted Exceptions (as defined in the Loan Agreement), and has full power and lawful authority to grant, bargain, sell, convey, assign, transfer and encumber its interest in the Property in the manner and form hereby done or intended. Borrower will preserve its interest in and title to the Property and will forever warrant and defend the same to Lender against any and all claims whatsoever and will forever warrant and defend the validity and priority of the Lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Exceptions. The foregoing warranty of title shall survive the foreclosure, exercise of any power of sale or other enforcement of this Security Instrument and shall inure to the benefit of and be enforceable by Lender in the event Lender acquires title to the Property pursuant to any foreclosure, exercise of any power of sale or otherwise.

1.8 **Defense of Title.** If, while this Security Instrument is in force, the title to the Property or the operations conducted thereon or the interest of Lender therein shall be the subject, directly or indirectly, of any action at law or in equity, or be attached directly or indirectly, or endangered, clouded or adversely affected in any manner, Borrower, at Borrower's expense, shall take all necessary and proper steps for the defense of said title or interest, including the employment of counsel reasonably approved by Lender, the prosecution or defense of litigation, and the compromise or discharge of claims made against said title or interest.

1.9 **Insurance.** Borrower, at its sole cost and expense, for the mutual benefit of Borrower and Lender, shall obtain and maintain or cause to be obtained and maintained during the entire term of this Mortgage policies of insurance as required under the Loan Agreement.

1.10 **Payment of Taxes, Etc.** Borrower shall pay or cause to be paid all valid taxes, assessments, water rates and sewer rents, now or hereafter levied or assessed or imposed against the Property or any part thereof and all ground rents, maintenance charges, other impositions, and other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof as provided in the Loan Agreement.

1.11 **Alienation and Further Encumbrances.** Borrower shall not sell, convey, alienate, mortgage, encumber, pledge or otherwise transfer the Property or any part thereof, or permit the Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged or otherwise transferred except as permitted under the Loan Agreement.

1.12 **Further Documentation.** Borrower shall, on the request of Lender in its reasonable discretion and at the expense of Borrower, promptly correct any defect, error or omission which may be discovered in the contents of this Security Instrument or in any of the other Loan Documents and promptly execute, acknowledge, deliver and record or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Security Instrument and the other Loan Documents or as may be deemed advisable by Lender to protect, continue or preserve the liens and security interests hereunder including, without limitation, security instruments, financing statements and continuation statements.

1.13 **Payment of Costs.** Borrower shall pay all reasonable costs and expenses of every character incurred in connection with the closing of the Secured Obligations or otherwise attributable or chargeable to Borrower as the owner of the Property and as provided in the Loan Agreement.

1.14 **Advances to Protect Property.** Without limiting or waiving any other rights and remedies of Lender hereunder, if an Event of Default occurs and is continuing, or if any action or proceeding of any kind (including, but not limited to, any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding) is commenced which might affect Lender's interest in the Property or Lender's right to enforce its security, then Lender may, at its option to the extent permitted by applicable law, with or without notice to Borrower, make any appearances, disburse or advance any sums and take any actions as may be necessary or desirable to protect or enforce the security of this Security Instrument or to remedy the failure of Borrower to perform its covenants and agreements (without, however, waiving any default of Borrower). Borrower agrees to pay on demand all expenses of Lender reasonably incurred with respect to the foregoing (including, but not limited to, reasonable fees and disbursements of counsel), together with interest thereon at the Default Interest Rate from and after the date on which Lender incurs such expenses until reimbursement thereof by Borrower. Any such expenses so incurred by Lender, together with interest thereon as provided above, shall be additional indebtedness of Borrower secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. The necessity for any such actions and of the amounts to be paid shall be determined by Lender in its sole and absolute discretion. Subject to the rights of persons in possession, Lender is hereby empowered, in a manner which does not violate any applicable law, to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Borrower or any person in possession holding under Borrower except as otherwise provided under applicable law. Borrower hereby acknowledges and agrees that the remedies set forth in this Section 1.14 shall be exercisable by Lender, and any and all payments made or costs or expenses incurred by Lender in connection therewith shall be secured hereby and shall be, without demand,

immediately repaid by Borrower with interest thereon at the Default Interest Rate, notwithstanding the fact that such remedies were exercised and such payments made and costs incurred by Lender after the filing by Borrower of a voluntary case or the filing against Borrower of an involuntary case pursuant to or within the meaning of the Bankruptcy Reform Act of 1978, as amended (the "Act"), Title 11 U.S.C., or after any similar action pursuant to any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable to Borrower, Lender, any guarantor or indemnitor, the secured indebtedness or any of the Loan Documents. This indemnity shall survive payment in full of the indebtedness secured hereby. This Section 1.14 shall not be construed to require Lender to incur any expenses, make any appearances or take any actions.

1.15 Additional Taxes. In the event of the enactment after this date of any law of the state where the Property is located or of any other governmental entity deducting from the value of the Property for the purpose of taxation any lien or security interest thereon, or imposing upon Lender the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Borrower, or changing in any way the laws relating to the taxation of deeds of trust, mortgages or security agreements or debts secured by deeds of trust, mortgages or security agreements or the interest of the mortgagee or secured party in the property covered thereby, or the manner of collection of such taxes, so as to adversely affect this Security Instrument or the indebtedness secured hereby or Lender, then, and in any such event, Borrower, upon demand by Lender, shall pay such taxes, assessments, charges or liens, or reimburse Lender therefor; provided, however, that if in the opinion of counsel for Lender (a) it might be unlawful to require Borrower to make such payment, or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in either such event, Lender may elect, by notice in writing given to Borrower, to declare all of the indebtedness secured hereby to be and become due and payable in full, sixty (60) days from the giving of such notice, and Borrower shall not be liable to Lender for any Exit Fee provided under the Loan Agreement.

1.16 Borrower's Waivers. To the full extent permitted by law, Borrower agrees that Borrower shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, moratorium or extension, or any law now or hereafter in force providing for the reinstatement of the indebtedness secured hereby prior to any sale of the Property to be made pursuant to any provisions contained herein or prior to the entering of any decree, judgment or order of any court of competent jurisdiction, or any right under any statute to redeem all or any part of the Property so sold. To the full extent permitted by law, Borrower shall not have or assert any right under any statute or rule of law pertaining to the exemption of homestead or other exemption under any federal, state or local law now or hereafter in effect, the administration of estates of decedents or any other matters whatsoever to defeat, reduce or affect the right of Lender under the terms of this Security Instrument to a sale of the Property, for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Lender under the terms of this Security Instrument to the payment of the indebtedness secured hereby out of the proceeds of sale of the Property in preference to every other claimant whatever. Borrower, for Borrower and

Borrower's successors and assigns, and for any and all persons ever claiming any interest in the Property, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily with and upon the advice of competent counsel waives, releases, relinquishes and forever forgoes: (a) all rights of valuation, appraisal, stay of execution, reinstatement and notice of election or intention to mature or declare due the secured indebtedness (except such notices as are specifically provided for herein); (b) all right to a marshalling of the assets of Borrower, including the Property, to a sale in the inverse order of alienation, or to direct the order in which any of the Property shall be sold in the event of foreclosure of the liens and security interests hereby created and agrees that any court having jurisdiction to foreclose such liens and security interests may order the Property sold as an entirety; (c) all rights and periods of redemption provided under applicable law; and (d) all present and future statutes of limitations as a defense to any action to enforce the provisions of this Security Instrument or to collect any of the indebtedness secured hereby the fullest extent permitted by law and agrees that it shall not solicit or aid the solicitation of the filing of any Petition (as hereinafter defined) against Borrower, whether acting on its own behalf or on behalf of any other party. Without limiting the generality of the foregoing, Borrower shall not, unless compelled to do so by order of a court of competent jurisdiction or by regulation promulgated by a governmental agency, (i) provide information regarding the identity of creditors or the nature of creditors' claims to any third party; or (ii) pay the legal fees or expenses of any creditor of or interest holder in Borrower with respect to any matter whatsoever.

1.17 SUBMISSION TO JURISDICTION. BORROWER, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (i) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF NEW YORK AND IN THE STATE IN WHICH THE PROPERTY IS LOCATED OVER ANY SUIT, ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THE NOTE, THIS SECURITY INSTRUMENT OR ANY OTHER OF THE LOAN DOCUMENTS, (ii) AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION SITTING IN NEW YORK COUNTY, NEW YORK OR IN THE STATE AND COUNTY IN WHICH THE PROPERTY IS LOCATED, (iii) SUBMITS TO THE JURISDICTION OF SUCH COURTS, AND, (iv) TO THE FULLEST EXTENT PERMITTED BY LAW, AGREES THAT IT WILL NOT BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM (BUT NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM). BORROWER FURTHER CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO BORROWER AT THE ADDRESS FOR NOTICES DESCRIBED IN SECTION 4.5 HEREOF, AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVED IN ANY OTHER MANNER PERMITTED BY LAW).

1.18 WAIVER OF JURY TRIAL. BORROWER, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE INDEBTEDNESS SECURED HEREBY OR ANY CONDUCT, ACT OR OMISSION OF LENDER OR BORROWER, OR ANY OF THEIR DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH LENDER OR BORROWER, IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

ARTICLE II.
EVENTS OF DEFAULT

2.1 Events of Default. The occurrence of any Event of Default under the Loan Agreement shall be an Event of Default hereunder.

ARTICLE III.
REMEDIES

3.1 Remedies Available. If there shall occur an Event of Default, then this Security Instrument is subject to foreclosure as provided by law and Lender may, at its option and by or through a trustee, nominee, assignee or otherwise, to the fullest extent permitted by law, exercise any or all of the following rights, remedies and recourses, either successively or concurrently.

(a) Acceleration. Accelerate the maturity date of the Note and declare any or all of the indebtedness secured hereby to be immediately due and payable without any presentment, demand, protest, notice or action of any kind whatever, except as otherwise provided in the Loan Documents (each of which is hereby expressly waived by Borrower), whereupon the same shall become immediately due and payable. Upon any such acceleration, payment of such accelerated amount shall constitute a prepayment of the principal balance of the Note and any applicable prepayment fee provided for in the Note shall then be immediately due and payable.

(b) Entry on the Property. Without in any way curing or waiving any default of Borrower, either in person, by agent or by court-appointed receiver, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Property, or any part thereof, subject to the rights of persons in possession, in its own name, without force or with such force as is permitted by law and without notice or process or with such notice or process as is required by law unless such notice and process is waivable, in which case Borrower hereby waives such notice and process, and do any and all acts and perform any and all work which may be desirable or necessary in Lender's judgment to complete any unfinished construction on the Real Estate, to preserve and/or enhance the value, marketability or rentability of the Property, to increase the income therefrom, to manage and operate the Property or to protect the security hereof and all

sums expended by Lender therefor, together with interest thereon at the Default Interest Rate, shall be immediately due and payable to Lender by Borrower on demand and shall be secured hereby and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

(c) **Collect Rents and Profits.** With or without taking possession of the Property, sue for or otherwise collect the Rents and Profits or other benefits under Contracts, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, all in such order as Lender in its discretion may determine.

(d) **Appointment of Receiver.** Upon, or at any time prior or after, initiating the exercise of any power of sale, instituting any judicial foreclosure or instituting any other foreclosure of the liens and security interests provided for herein or any other legal proceedings hereunder, make application, ex-parte, to a court of competent jurisdiction for appointment of a receiver for all or any part of the Property, as a matter of strict right and, to the extent permitted by applicable law, without notice to Borrower and without regard to the adequacy of the Property for the repayment of the indebtedness secured hereby or the solvency of Borrower or any person or persons liable for the payment of the indebtedness secured hereby, and Borrower does hereby irrevocably consent to such appointment, waives any and all notices of and defenses to such appointment, to the extent permitted by applicable law, and agrees not to oppose any application therefor by Lender, but nothing herein is to be construed to deprive Lender of any other right, remedy or privilege Lender may now have under the law to have a receiver appointed, provided, however, that the appointment of such receiver, trustee or other appointee by virtue of any court order, statute or regulation shall not impair or in any manner prejudice the rights of Lender to receive payment of the Rents and Profits or other benefits under Contracts pursuant to other terms and provisions of this Security Instrument or the Assignment. Any such receiver shall have all of the usual powers and duties of receivers in similar cases, including, without limitation, the full power to hold, develop, rent, lease, manage, maintain, operate and otherwise use or permit the use of the Property upon such terms and conditions as said receiver may deem to be prudent and reasonable under the circumstances as more fully set forth in Section 3.3 below. Such receivership shall, at the option of Lender, continue until full payment of all of the indebtedness secured hereby or until title to the Property shall have passed by foreclosure sale under this Security Instrument or deed in lieu of foreclosure.

(e) **Foreclosure.** Immediately commence an action to foreclose this Security Instrument or to specifically enforce its provisions or any of the indebtedness secured hereby pursuant to the statutes in such case made and provided and sell the Property or cause the Property to be sold in accordance with the requirements and procedures provided by said statutes in a single parcel or in several parcels at the option of Lender. In the event foreclosure proceedings are filed by Lender, all expenses incident to such proceeding, including, but not limited to, reasonable attorneys' fees and costs, shall be paid by Borrower and secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. The secured indebtedness and all other obligations secured by this Security Instrument, including, without limitation, interest at the Default Interest Rate,

any prepayment charge, fee or premium required to be paid under the Note in order to prepay principal (to the extent permitted by applicable law), reasonable attorneys' fees and any other amounts due and unpaid to Lender under the Loan Documents, may be bid by Lender in the event of a foreclosure sale hereunder. In the event of a judicial sale pursuant to a foreclosure decree, it is understood and agreed that Lender or its assigns may become the purchaser of the Property or any part thereof.

(f) **Other.** Exercise any other right or remedy available hereunder, under any of the other Loan Documents or at law or in equity.

3.2 **Application of Proceeds.** To the fullest extent permitted by law, the proceeds of any sale under this Security Instrument shall be applied to the extent funds are so available to the following items in such order as Lender in its discretion may determine:

(a) To payment of the costs, expenses and fees of taking possession of the Property, and of holding, operating, maintaining, using, leasing, repairing, improving, marketing and selling the same and of otherwise enforcing Lender's right and remedies hereunder and under the other Loan Documents, including, but not limited to, receivers' fees, court costs, reasonable attorneys', accountants', appraisers', managers' and other professional fees and disbursements, title charges and transfer taxes.

(b) To payment of all sums expended by Lender under the terms of any of the Loan Documents and not yet repaid, together with interest on such sums at the Default Interest Rate.

(c) To payment of the secured indebtedness and all other obligations secured by this Security Instrument, including, without limitation, interest at the Default Interest Rate and, to the extent permitted by applicable law, any prepayment fee, charge or premium required to be paid under the Note in order to prepay principal, in any order that Lender chooses in its sole discretion.

(d) The remainder, if any, of such funds shall be disbursed to Borrower or to the person or persons legally entitled thereto.

3.3 **Right and Authority of Receiver or Lender in the Event of Default; Power of Attorney.** Upon the occurrence and during the continuance of an Event of Default, and entry upon the Property pursuant to Section 3.1(b) hereof or appointment of a receiver pursuant to Section 3.1(d) hereof, and under such terms and conditions as may be prudent and reasonable under the circumstances in Lender's or the receiver's sole discretion, all at Borrower's expense, Lender or said receiver, or such other persons or entities as they shall hire, direct or engage, as the case may be, may do or permit one or more of the following, successively or concurrently in compliance with applicable law: (a) enter upon and take possession and control of any and all of the Property subject to the rights of persons in possession; (b) take and maintain possession of all documents, books, records, papers and accounts relating to the Property subject to any confidentiality requirements imposed by applicable law; (c) exclude Borrower and any manager or administrator of the Property, and any of their agents, servants and employees wholly from the

Property; (d) manage and operate the Property; (e) preserve and maintain the Property; (f) make repairs and alterations to the Property; (g) complete any construction or repair of the Improvements, with such changes, additions or modifications of the plans and specifications or intended disposition and use of the Improvements as Lender may in its sole discretion deem appropriate or desirable to place the Property in such condition as will, in Lender's sole discretion, make it or any part thereof readily marketable or rentable; (h) conduct a marketing or leasing program with respect to the Property, or employ a marketing or leasing agent or agents to do so, directed to the leasing or sale of the Property under such terms and conditions as Lender may in its sole discretion deem appropriate or desirable; (i) employ such contractors, subcontractors, materialmen, architects, engineers, consultants, managers, brokers, marketing agents, or other employees, agents, independent contractors or professionals, as Lender may in its sole discretion deem appropriate or desirable to implement and effectuate the rights and powers herein granted; (j) execute and deliver, in the name of Lender as attorney-in-fact and agent of Borrower or in its own name as Lender, such documents and instruments as are necessary or appropriate to consummate authorized transactions; (k) enter into such leases, whether of real or personal property, or tenancy agreements, under such terms and conditions as Lender may in its sole discretion deem appropriate or desirable; (l) collect and receive the Rents and Profits and other benefits of the Contracts; (m) eject tenants or repossess personal property, as provided by law, for breaches of the conditions of their leases or other agreements; (n) sue for unpaid Rents and Profits, payments, income or proceeds in the name of Borrower or Lender; (o) maintain actions in forcible entry and detainer, ejectment for possession and actions in distress for rent; (p) compromise or give acquittance for Rents and Profits, payments, income or proceeds that may become due; (q) delegate or assign any and all rights and powers given to Lender by this Security Instrument; and (r) do any acts which Lender in its sole discretion deems appropriate or desirable to protect the security hereof and use such measures, legal or equitable, as Lender may in its sole discretion deem appropriate or desirable to implement and effectuate the provisions of this Security Instrument. This Security Instrument shall constitute a direction to and full authority to any lessee, or other third party who has heretofore dealt or contracted or may hereafter deal or contract with Borrower or Lender, at the request of Lender, to pay all amounts owing under any lease, contract, concession, license or other agreement to Lender, to the extent permitted by applicable law, without proof of the default relied upon. Any such lessee or third party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Borrower in so doing) any request, notice or demand by Lender for the payment to Lender, to the extent permitted by applicable law, of any Rents and Profits or other sums which may be or thereafter become due under its lease, contract, concession, license or other agreement, or for the performance of any undertakings under any such lease, contract, concession, license or other agreement, and shall have no right or duty to inquire whether any default under this Security Instrument or under any of the other Loan Documents has actually occurred or is then existing. Borrower hereby constitutes and appoints Lender, its assignees, successors, transferees and nominees, as Borrower's true and lawful attorney-in-fact and agent, with full power of substitution in the Property, in Borrower's name, place and stead, to do or permit any one or more of the foregoing described rights, remedies, powers and authorities, successively or concurrently after the occurrence and during the continuance of an Event of Default, and said power of attorney shall be deemed a power coupled with an interest and irrevocable so long as any indebtedness secured hereby is outstanding. Any money advanced by

Lender in connection with any action taken under this Section 3.3, together with interest thereon at the Default Interest Rate from the date of making such advancement by Lender until actually paid by Borrower, shall be a demand obligation owing by Borrower to Lender and shall be secured by this Security Instrument and by every other instrument securing the secured indebtedness.

3.4 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, Borrower or Borrower's representatives, successors or assigns, or any other persons claiming any interest in the Property by, through or under Borrower (except tenants of space in the Improvements subject to leases or other occupancy agreements entered into prior to the date hereof or residents of the Facility), are occupying or using the Property, or any part thereof, then, to the extent not prohibited by applicable law, each and all shall, at the option of Lender or the purchaser at such sale, as the case may be, immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the Property occupied or used, such rental to be due daily to the purchaser. Further, to the extent permitted by applicable law, in the event the tenant fails to surrender possession of the Property upon the termination of such tenancy, the purchaser shall be entitled to institute and maintain an action for unlawful detainer of the Property in the appropriate court of the county in which the Real Estate is located.

3.5 Notice to Account Debtors. Lender may, at any time after a material default hereunder, which default is not cured within any applicable grace or cure period, and during the continuance of such default, notify the account debtors and obligors (other than account debtors and obligors under Medicare/Medicaid Receivables) of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness to Borrower included in the Property to pay Lender directly, to the extent permitted by applicable law. Borrower shall at any time or from time to time upon the request of Lender provide to Lender a current list of all such account debtors and obligors and their addresses, subject to confidentiality requirements imposed by applicable law.

3.6 Cumulative Remedies. All remedies contained in this Security Instrument are cumulative and Lender shall also have all other remedies provided at law and in equity or in any other Loan Documents. Such remedies may be pursued separately, successively or concurrently at the sole subjective direction of Lender and may be exercised in any order and as often as occasion therefor shall arise. No act of Lender shall be construed as an election to proceed under any particular provisions of this Security Instrument to the exclusion of any other provision of this Security Instrument or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Lender. No delay or failure by Lender to exercise any right or remedy under this Security Instrument shall be construed to be a waiver of that right or remedy or of any default hereunder. Lender may exercise any one or more of its rights and remedies at its option without regard to the adequacy of its security.

3.7 Payment of Expenses. Borrower shall pay on demand all of Lender's expenses reasonably incurred in any efforts to enforce any terms of this Security Instrument, whether or not any lawsuit is filed and whether or not foreclosure is commenced but not completed,

including, but not limited to, reasonable legal fees and disbursements, foreclosure costs and title charges, together with interest thereon from and after the date incurred by Lender until actually paid by Borrower at the Default Interest Rate, and the same shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

ARTICLE IV.
MISCELLANEOUS TERMS AND CONDITIONS

4.1 **Loan Agreement.** This Security Instrument is made pursuant to that certain Loan Agreement dated the date hereof between Borrower and Lender (the "Loan Agreement"). All capitalized terms not defined herein shall have the respective meanings set forth in the Loan Agreement. In the event of a conflict or inconsistency between the terms of this Security Instrument and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

4.2 **Time of Essence.** Time is of the essence with respect to all provisions of this Security Instrument.

4.3 **Release of Security Instrument.** If and when Borrower has paid all of the secured indebtedness as the same becomes due and payable, or there is a release of the lien of this Security Instrument in accordance with, and in satisfaction of, the provisions of Section 2.4 of the Loan Agreement, then, and in such event only, all rights under this Security Instrument shall terminate except for those provisions hereof which by their terms survive, and the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, which shall be released by Lender in due form at Borrower's cost. Borrower shall be responsible for the recordation of such release and payment of any recordation costs associated therewith.

4.4 **Certain Rights of Lender.** Without affecting Borrower's liability for the payment of any of the indebtedness secured hereby, Lender may from time to time and without notice to Borrower: (a) release any person liable for the payment of the indebtedness secured hereby; (b) extend or modify the terms of payment of the indebtedness secured hereby; (c) accept additional real or personal property of any kind as security or alter, substitute or release any property securing the indebtedness secured hereby; (d) recover any part of the Property; (e) consent in writing to the making of any subdivision map or plat thereof; (f) join in granting any easement therein; or (g) join in any extension agreement of this Security Instrument or any agreement subordinating the lien hereof.

4.5 **Notices.** All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be given in accordance with the provisions of Section 10.3 of the Loan Agreement.

4.6 **Successors and Assigns.** The terms, provisions, indemnities, covenants and conditions hereof shall be binding upon Borrower and the successors and assigns of Borrower, including all successors in interest in and to all or any part of the Property, and shall inure to the

benefit of Lender, and its successors and assigns and shall constitute covenants running with the land. If Borrower consists of more than one person or entity, each will be jointly and severally liable to perform the obligations of Borrower.

4.7 **Severability.** A determination that any provision of this Security Instrument is unenforceable or invalid shall not affect the enforceability or validity of any other provision.

4.8 **Gender.** Within this Security Instrument, words of any gender shall be held and construed to include any other gender, and words in the singular shall be held and construed to include the plural, and vice versa, unless the context otherwise requires.

4.9 **Waiver; Discontinuance of Proceedings.** Lender may waive any single default by Borrower hereunder without waiving any other prior or subsequent default, and may remedy any default by Borrower hereunder without waiving the default remedied. Neither the failure or delay by Lender in exercising, any right, power or remedy upon any default by Borrower hereunder shall be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Lender of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. No notice to nor demand on Borrower in any case shall of itself entitle Borrower to any other or further notice or demand in similar or other circumstances. Acceptance by Lender of any payment in an amount less than the amount then due on any of the secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default hereunder.

4.10 **Section Headings.** The headings of the sections and paragraphs of this Security Instrument are for convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

4.11 **Governing Law.** THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS

FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE APPLICABLE INDIVIDUAL PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE, AND THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

4.12 Application of the Proceeds of the Note. To the extent that proceeds of the Note are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Property, such proceeds have been advanced by Lender at Borrower's request and Lender shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released.

4.13 Unsecured Portion of Indebtedness. If any part of the secured indebtedness cannot be lawfully secured by this Security Instrument or if any part of the Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is unsecured by this Security Instrument.

4.14 Interest After Sale. In the event the Property or any part thereof shall be sold upon foreclosure as provided hereunder, to the extent permitted by law, the sum for which the same shall have been sold shall, for purposes of redemption (pursuant to the laws of the state in which the Property is located), bear interest at the Default Interest Rate.

4.15 Construction of this Document. This document may be construed as a mortgage, security deed, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of the foregoing, in order to fully effectuate the liens and security interests created hereby and the purposes and agreements herein set forth.

4.16 No Merger. It is the desire and intention of the parties hereto that this Security Instrument and the lien hereof do not merge in fee simple title to the Property.

4.17 Rights With Respect to Junior Encumbrances. Any person or entity purporting to have or to take a junior mortgage or other lien upon the Property or any interest therein shall be subject to the rights of Lender to amend, modify, increase, vary, alter or

supplement this Security Instrument, the Note, the Guaranty or any of the other Loan Documents and to extend the maturity date of the indebtedness secured hereby and to increase the amount of the indebtedness secured hereby and to waive or forebear the exercise of any of its rights and remedies hereunder or under any of the other Loan Documents and to release any collateral or security for the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien or security interest of this Security Instrument losing its priority over the rights of any such junior lien.

4.18 Personal Liability. Notwithstanding anything to the contrary contained in this Security Instrument, the liability of Borrower and partners, members, shareholders and owners of Borrower for the indebtedness secured hereby and for the performance of the other agreements, covenants and obligations contained herein and in the Loan Documents shall be limited as set forth in Section 9.1 of the Loan Agreement; provided, however, that nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured hereby or to require that all collateral shall continue to secure all indebtedness owing to Lender in accordance with the Note, the Guaranty, this Security Instrument and the other Loan Documents.

4.19 Recording and Filing. Borrower will cause the Loan Documents and all amendments and supplements thereto and substitutions therefor to be recorded, filed, re-recorded and re-filed in such manner and in such places as Lender shall reasonably request, and will pay on demand all such recording, filing, re-recording and re-filing taxes, fees and other charges.

4.20 Entire Agreement and Modifications. This Security Instrument and the other Loan Documents contain the entire agreements between the parties and supersede any prior agreements (oral or written), and may not be amended, revised, waived, discharged, released or terminated orally but only by a written instrument or instruments executed by the party against which enforcement of the amendment, revision, waiver, discharge, release or termination is asserted.

4.21 Maximum Interest. The provisions of this Security Instrument and of all agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of the Note or the Guaranteed Notes or otherwise, shall the amount paid, or agreed to be paid ("Interest"), to Lender for the use, forbearance or retention of the money loaned under the Note or the Guaranteed Notes exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, performance or fulfillment of any provision hereof or of any agreement between Borrower and Lender shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then ipso facto the obligation to be performed or fulfilled shall be reduced to such limit and if, from any circumstance whatsoever, Lender shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under the Note or the Guaranteed Notes, as applicable in the inverse

order of its maturity (whether or not then due) or at the option of Lender be paid over to Borrower, and not to the payment of Interest. All Interest (including any amounts or payments deemed to be Interest) paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal balance of the Note or the Guaranteed Notes, as applicable so that the Interest thereon for such full period will not exceed the maximum amount permitted by applicable law. This Section 4.21 or a parallel provision in any of the Loan Documents will control all agreements between Borrower and Lender.

ARTICLE V.
SPECIAL INDIANA PROVISIONS is

Section 5.1 **Principles of Construction.** In the event of any inconsistencies between the terms and provisions of this Article V and the remainder this Article V and the remainder of this Security Instrument, the terms and provisions of this Article V shall govern and control.

Section 5.2 **Indiana.** the Lake County Recorder!

(a) **Maturity.** The obligations under the Note have a final maturity date of September 1, 2001, as the same may be extended to March 1, 2002 pursuant to the Loan Agreement with the express written consent of Lender.

(b) **Future Advances.** This Security Instrument is intended to secure future advances made under the Note, hereunder, the Loan Agreement and/or under the other Loan Documents, and all modifications, extensions and renewals of any of the foregoing, with the same priority as if made on the day of execution of this Security Instrument, up to a maximum amount of Nine Hundred Forty Million Five Hundred Sixty-Four Thousand and 00/100 Dollars (\$940,564,000.00), pursuant to Indiana Code § 32-8-11-9. The maximum amount stated in the preceding sentence does not affect or alter the principal amount which Borrower is entitled to borrow under the Note and/or under any Loan Documents, and may be in excess of permitted borrowing to cover expenses, accrued interest, costs of collection and the like.

(c) **Financing Statements.** Lender is hereby authorized to execute and file on behalf of Borrower, without the signature of Borrower, any financing statement deemed necessary or appropriate by Lender in order to further evidence, perfect or continue the security interest granted herein, or in any other Loan Document.

(d) **Collection Cost Recovery.** This Security Instrument shall secure, and Lender shall be entitled to collect from Borrower and add to the obligations incurred by Borrower under the Loan, including, without limitation, in any proceeding to enforce this Security Instrument or foreclose upon the Property, all expenses of any environmental site assessments, environmental audits, environmental remediation costs, appraisals, surveys, engineering studies, wetlands delineations, flood plain studies, and any other similar testing or investigation deemed necessary or advisable by Lender incurred in preparation for, contemplation of or in connection with the enforcement of this Security Instrument and/or the collection of the obligations.

(e) Disclosure Law. Borrower has complied, and will comply, with the Indiana Responsible Property Transfer Law, Indiana Code § 13-25-3-1 et seq. (the "Disclosure Law"), by (A) the completion and delivery to the Lender of a disclosure document in the form required by the Disclosure Law (the "Disclosure Document"), (B) the timely recording in the Office of the Recorder of the County in which the Property is located of a Disclosure Document, and (C) the timely filing in the Office of the Indiana Department of Environmental Management, of the Disclosure Document; or Borrower has determined after diligent investigation that the Property does not constitute "Property" under the Disclosure Law and therefore delivery, filing and recording of a Disclosure Document is not required. Failure by Borrower to fully comply with the Disclosure Law shall constitute an Event of Default hereunder, and Lender shall be entitled to pursue any and all remedies provided herein, or in the Disclosure Law.

(f) Non-Waiver. Nothing in this Security Instrument is intended to constitute a waiver of deficiency under Indiana Code §32-8-16-1.5 nor a consent by the Lender to such a waiver.

(g) Receiver. Borrower agrees that Lender shall be entitled to the appointment of a receiver as a matter of right in accordance with Indiana Code Title 34 Chapter 48 in any action by Lender seeking to enforce this Security Instrument, including without limitation, by foreclosure.

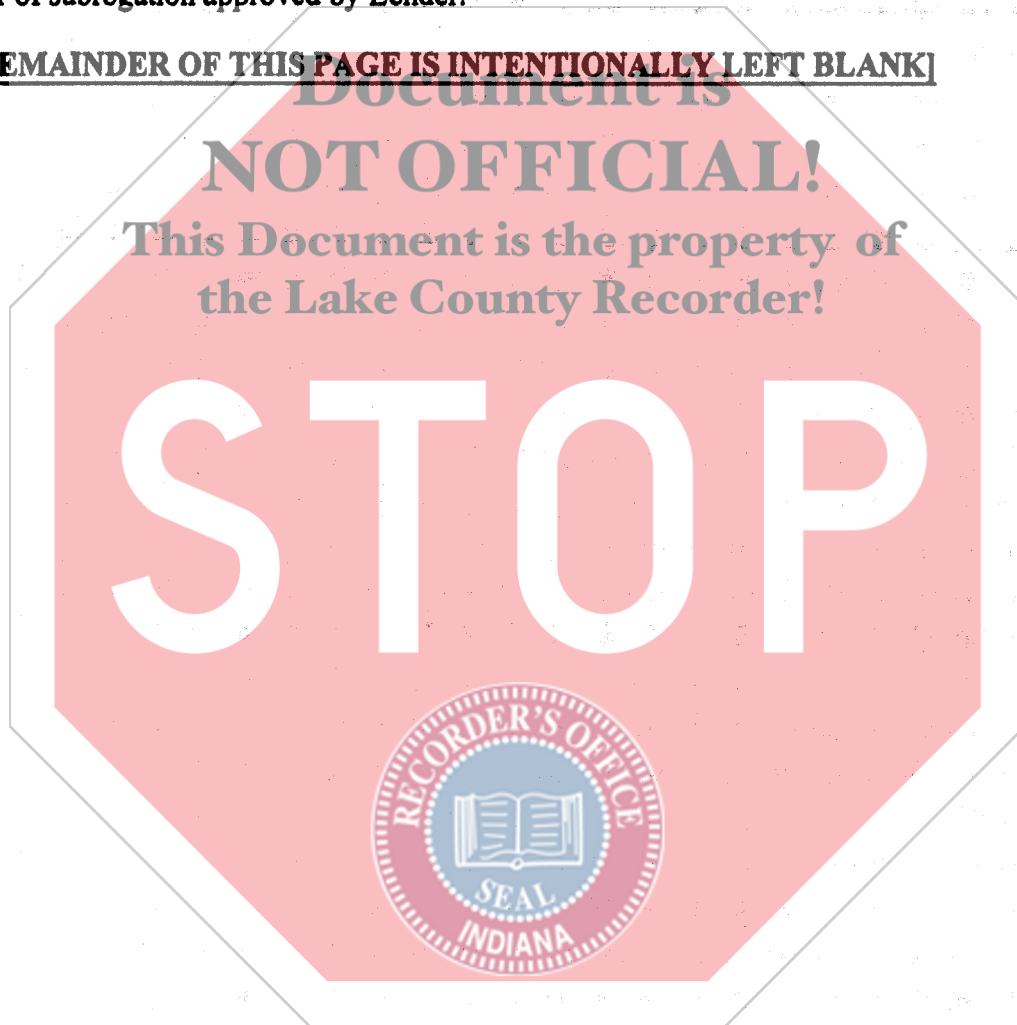
(h) No Merger. If both any leasehold estate and the fee estate for all or any portion of the Property at any time become vested in one owner, this Security Instrument and the lien created hereby shall not be merged, destroyed or terminated by application of the doctrine of merger and, in such event, Lender shall continue to have and enjoy all of the rights and privileges of the Lender as to the separate estates. In addition, upon the foreclosure of the lien of this Security Instrument, pursuant to the provisions hereof or applicable law, or upon any conveyance in lieu thereof, neither the fee estate, nor any leases, subleases, or sub-subleases then existing with respect to all or any portion of the Property shall be merged, terminated or destroyed by application of the doctrine of merger, or as a result of such foreclosure or conveyance, unless in such case Lender or any purchaser at any foreclosure sale shall elect in writing to the contrary.

(i) No Joint Venture. Nothing contained in this Security Instrument or any other Loan Document is intended to create a partnership, joint venture or association between Borrower and Lender or in any way make Lender a co-principal with Borrower with reference to the Property, and any inferences to the contrary are hereby expressly negated.

(j) Tradenames. Borrower warrants that Borrower does business under no other names with respect to the Security Instrumentd Property. Borrower shall immediately notify Lender in writing of any change in the name of and the use of any tradenames by, Borrower and, upon request of Lender, shall execute any additional financing statements and other certificates required to reflect any change in name or tradenames and shall execute and file any assumed name certificate required by applicable laws including, without limitation, Indiana Code § 23-15-1-1.

(k) Subrogation; Waiver. If any of the proceeds of the Note are utilized to pay off outstanding liens against all or any part of the Property, Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any such outstanding liens and debts, however remote, regardless of whether said liens or debts are acquired by Lender by assignment, or are released by the holder thereof upon payment. Borrower, any guarantors and any endorsers hereof or of the Note jointly and severally waive absolutely and unconditionally any and all rights of subrogation to the rights of Lender hereunder or under any Loan Document. All guaranties and endorsements of any Loan Document shall contain a waiver of subrogation approved by Lender.

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IN WITNESS WHEREOF, Borrower, intending to be legally bound hereby, has duly executed this Security Instrument as of the day and year first above written.

OWNER:

WHITING MEDICAL INVESTORS, LLC,
a Tennessee limited liability company

By: 

Name: Forrest L. Preston
Title: Chief Manager

NOT CONFIDENTIAL!

This Document is the property of
the Lake County Recorder!

OPERATOR:

CONSOLIDATED RESOURCES HEALTH CARE
FUND I, L.P., a Georgia limited partnership

By: H.C.F., Inc.
its general partner

By: 

Name: Forrest L. Preston
Title: President



ACKNOWLEDGMENT

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

Before me, a Notary Public in and for said State of New York, and a resident of New York County, NEW YORK, personally appeared Forrest L. Preston, the Chief Manager of Whiting Medical Investors, LLC a Tennessee limited liability company, who acknowledged execution of the foregoing Instrument as such Chief Manager for and on behalf of said limited liability company.

WITNESS my hand and Notarial Seal this 29 day of AUGUST, 2000.

Francesann M. Judge
New York, Notary Public

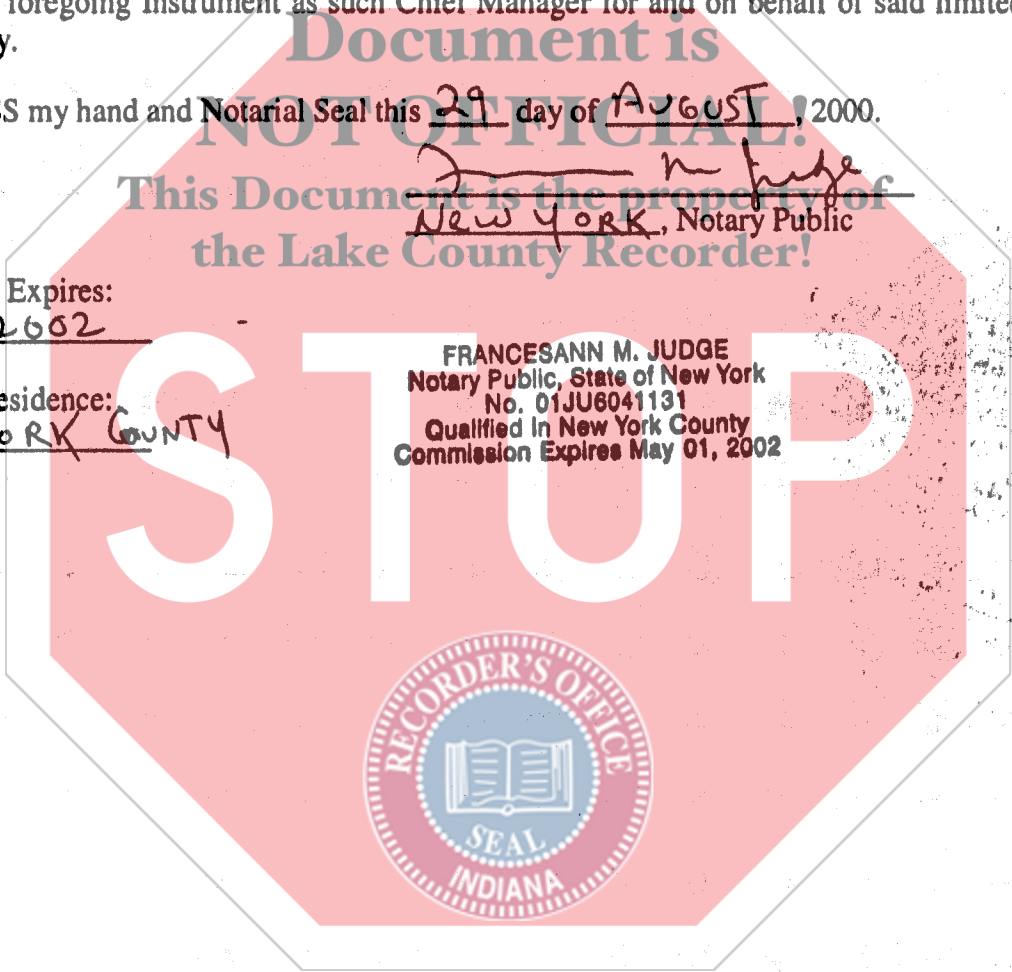
My Commission Expires:

5/1/2002

My County of Residence:

New York County

FRANCESANN M. JUDGE
Notary Public, State of New York
No. 01JU6041131
Qualified In New York County
Commission Expires May 01, 2002



STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

Before me, a Notary Public in and for said State of New York, and a resident of New York County, New York, personally appeared Forrest L. Preston, the President of H.C.F., Inc., which is the general partner of Consolidated Resources Health Care Fund I, L.P., a Georgia limited partnership, who acknowledged execution of the foregoing Instrument as such President of said corporation for and on behalf of said limited partnership.

WITNESS my hand and Notarial Seal this 29 day of AUGUST, 2000.

This Document is the property of
Francesann M. Judge
New York Notary Public

My Commission Expires:

5/1/2002

My County of Residence:

New York County

FRANCESANN M. JUDGE
Notary Public, State of New York
No. 01JU6041131
Qualified in New York County
Commission Expires May 01, 2002

This Instrument prepared by and upon recordation return to Joseph Vidulich, Attorney at Law, Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038.



LEGAL DESCRIPTION

LC-038

LOTS 1 AND 2 IN BLOCK 1, TOGETHER WITH THE VACATED 16 FOOT ALLEY LYING BETWEEN SAID LOTS; ALSO BLOCK 5, EXCEPT THE WEST 120 FEET THEREOF, ALL IN MARY AGNES ROBERTS AND AMY JANE ROBERTS FIRST ADDITION TO HAMMOND, AS SHOWN IN PLAT BOOK 4 PAGE 29, IN LAKE COUNTY, INDIANA, EXCEPT THAT A ~~PLAN~~ PART OF SAID REAL ESTATE DEDICATED FOR 114TH STREET.

PART

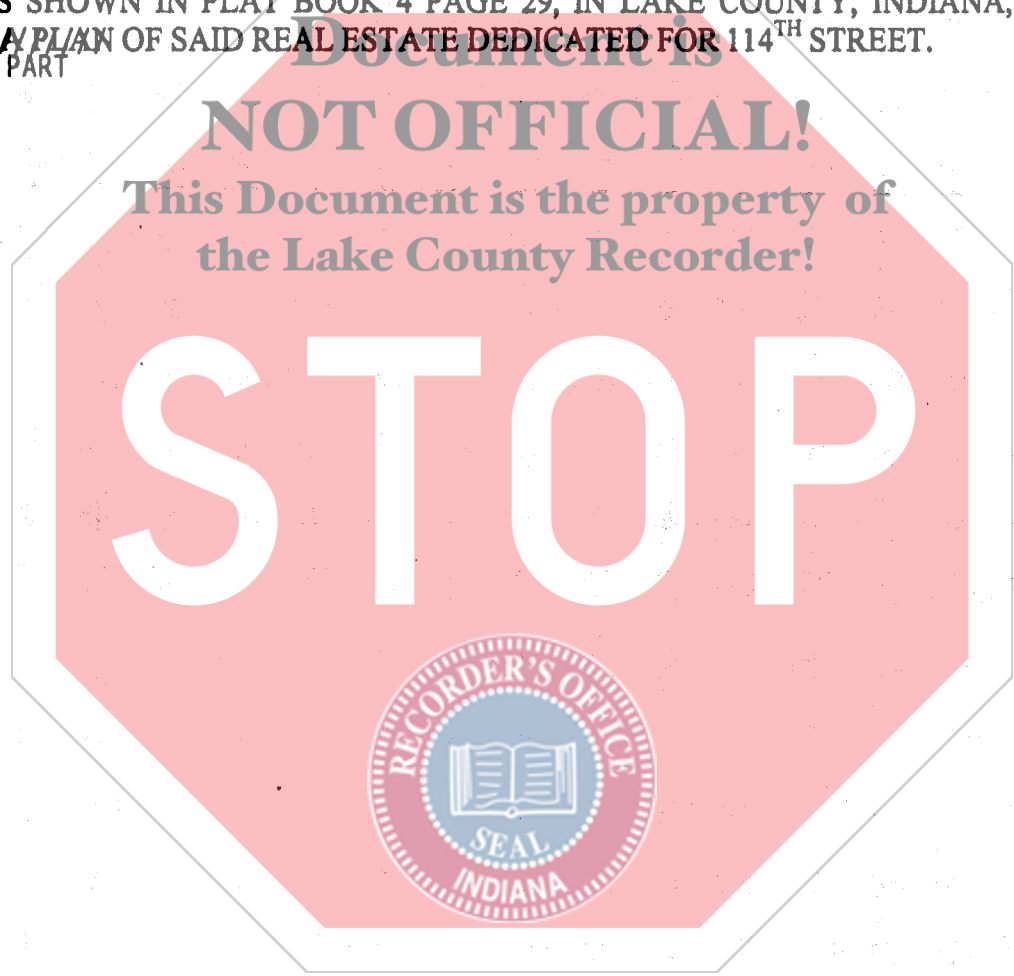


EXHIBIT B

GROUND LEASE

That certain Lease Agreement dated as of the date hereof by and between Whiting Medical Investors, LLC, as lessor, and Consolidated Resources Health Care Fund I, L.P., as lessee, a memorandum of which is intended to be recorded in the appropriate offices of Lake County, Indiana.



EXHIBIT 1

Substantiation of Fixture Filing Requirements

1. The name of the debtor is: Whiting Medical Investors, LLC and Consolidated Resources Health Care Fund I, L.P.

2. The name of the secured party is: Column Financial Inc.

3. The signature of the debtor appears on page 25 of this document.

4. The address of the secured party from which information concerning the security interest may be obtained is:

3414 Peachtree Road, N.E. Suite 1140
Atlanta, Georgia 30326-1113

5. The mailing address of the debtor is:

3570 Keith Street, NW
Cleveland, Tennessee 37320-3480

The collateral secured by this instrument is described by item or type in the granting clauses, on pages 1 through 4 of this instrument and a description of the real estate upon which any fixtures covered by this instrument are located appears in Exhibit A attached to this instrument.

