

A WARNING TO THE PARTIES TO A TRANSFER OF PROPERTY: It is highly unlikely that the single act of reading this document would be found to constitute "all appropriate inquiry into the previous ownership and uses of the property" so as to protect you against liability under the "innocent purchaser" provision of the federal Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601(35)(B)). You are strongly encouraged not only to read this document carefully but also to take all other actions necessary to the exercise of due diligence in your inquiry into the previous ownership and uses of the property.

ENVIRONMENTAL DISCLOSURE DOCUMENT FOR
TRANSFER OF REAL PROPERTY

For Use By County
Recorder's Office County

The following information is provided under IC 13-25-3, the Responsible Property Transfer Law.

Date _____
Doc. No. _____
Vol. _____
Page _____
Rec'd by: _____

2004 055336

I. PROPERTY IDENTIFICATION

A. Address of property: 101 West 61st Avenue
Street
Hobart, Lake County, Township 35 North
City or Town Township

Tax Parcel Identification No. (Key Number): 27-17-0005-0009

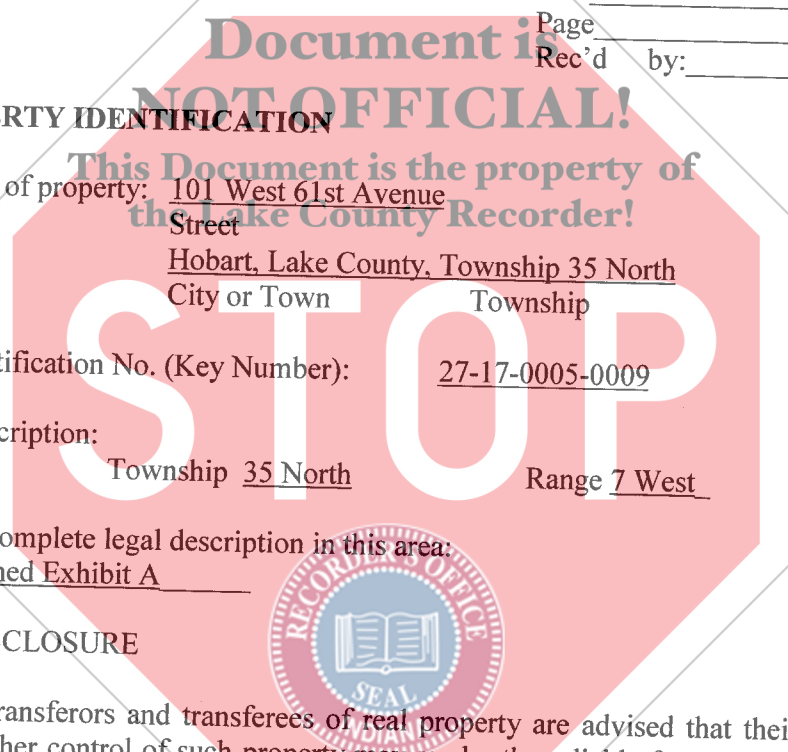
B. Legal Description:
Section 6 Township 35 North Range 7 West

Enter or attach complete legal description in this area:
See Attached Exhibit A

LIABILITY DISCLOSURE

Transferees and transferees of real property are advised that their ownership or other control of such property may render them liable for environmental cleanup costs whether or not they caused or contributed to the presence of environmental problems in association with the property.

HOLD FOR FIRST AMERICAN TITLE



MONIKA W. WARTER
RECORDER

2004 JUN 01 AM 10:08

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

34 FDG
FA

C. Property Characteristics:

Lot Size _____

Acreage Approximately 17.028 acres

Check all types of improvement and uses that pertain to the property:

- Apartment building (6 units or less)
- Commercial apartment (over 6 units)
- Store, office, commercial building
- Industrial building
- Farm, with buildings

Other (specify): The improvements have most recently been utilized as a behavioral health hospital; however, the improvements are currently vacant and are not actively utilized by the owner.

II. NATURE OF TRANSFER

- | | | Yes | No |
|----|--|----------|----------|
| A. | (1) Is this a transfer by deed or other instrument of conveyance of fee title to property? | <u>X</u> | — |
| | (2) Is this a transfer by assignment of over 25% of beneficial interest of a land trust? | — | <u>X</u> |
| | (3) A lease exceeding a term of 40 years? | — | <u>X</u> |
| | (4) A collateral assignment of beneficial interest? | — | <u>X</u> |
| | (5) An installment contract for the sale of property? | — | <u>X</u> |
| | (6) A mortgage or trust deed? | — | <u>X</u> |
| | (7) A lease of any duration that includes an option to purchase? | — | <u>X</u> |

B. (1) Identify Transferor:

Crescent Real Estate Funding VII, L.P., a Delaware limited partnership
777 Main Street, Suite 2100 Fort Worth, Texas 76102

Name and Current Address of Transferor

N/A

Trust No.

Name and Address of Trustee if this is a transfer of beneficial interest of a land trust. N/A

(2) Identify person who has completed this form on behalf of the Transferor and who has knowledge of the information contained in this form:

Murphy Yates

777 Main Street, Suite 2100 Fort Worth, Texas 76102

(817) 321-2100

Name, Position (if any),
and Address

Telephone No.

C. Identify Transferee:

Northwest Indiana Surgical Center, LLC

810 West Chicago Ave., East Chicago, IN 46312

Name and Current Address of Transferee

III. ENVIRONMENTAL INFORMATION

A. Regulatory Information During Current Ownership

1. Has the transferor ever conducted operations on the property which involved the generation, manufacture, processing, transportation, treatment, storage, or handling of a "hazardous substance" (as defined by IC 13-11-2-98)? This question does not apply to consumer goods stored or handled by a retailer in the same form and approximate amount, concentration, and manner as they are sold to consumers, unless the retailer has engaged in any commercial mixing (other than paint mixing or tinting of consumer sized containers), finishing, refinishing, servicing, or cleaning operations on the property.

Activities previously conducted on the property by an entity to which the transferor leased the property resulted in the generation and disposal (via licensed contractor to off-site incineration) of small amounts of biomedical waste monthly. However, such activities currently are not conducted on the property.

Yes X
No

2. Has the transferor ever conducted operations on the property which involved the processing, storage, or handling of petroleum, other than that which was associated directly with the transferor's vehicle usage?

Diesel fuel for emergency generator.

Yes X
No

3. Has the transferor ever conducted operations on the property which involved the generation, transportation, storage, treatment, or disposal of "hazardous waste" (as defined in IC 13-11-2-99(a))?

(See III.A.1.).

Yes X
No

4. Are there any of the following specific units (operating or closed) at the property that are used or were used by the transferor to manage hazardous wastes, hazardous substances, or petroleum?

	YES	NO
Landfill		<u>X</u>
Surface Impoundment	—	<u>X</u>
Land Application	—	<u>X</u>
Waste Pile	—	<u>X</u>
Incinerator	—	<u>X</u>
Storage Tank (Above Ground)	—	<u>X</u>
Storage Tank (Underground)	<u>X</u>	—
Container Storage Area	—	<u>X</u>
Injection Wells	<u>X</u>	—
Wastewater Treatment Units	—	<u>X</u>
Septic Tanks	—	<u>X</u>
Transfer Stations	—	<u>X</u>
Waste Recycling Operations	—	<u>X</u>
Waste Treatment Detoxification	—	<u>X</u>
Other Land Disposal Area	—	<u>X</u>

If there are "YES" answers to any of the above items and the transfer of property that requires the filing of this document is other than a mortgage or trust deed or a collateral assignment of beneficial interest in a land trust, you must attach to the copies of this document that you file with the county recorder and the department of environmental management a site plan that identifies the location of each unit. See Attached Exhibit B

5. Has the transferor ever held any of the following in regard to this real property?
- (A) Permits for discharges of wastewater to waters of Indiana. Yes ___ No X
 (B) Permits for emissions to the atmosphere. Yes ___ No X
 (C) Permits for any waste storage, waste treatment, or waste disposal operations. Yes ___ No X
6. Has the transferor ever discharged any wastewater (other than sewage) to a publicly owned treatment works? Yes ___ No X
7. Has the transferor been required to take any of the following actions relative to this property?
- (A) Filed an emergency and hazardous chemical inventory form pursuant to the federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. 11022). Yes ___ No X

(B) Filed a toxic chemical release form pursuant to the federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. 11023).

Yes
No

8. Has the transferor or any facility on the property or the property been the subject of any of the following state or federal governmental actions?

(A) Written notification regarding known, suspected, or alleged contamination on or emanating from the property.

Yes
No

(B) Filing an environmental enforcement case with a court or the solid waste management board for which a final order or consent decree was entered.

Yes
No

(C) If the answer to question (B) was Yes, then indicate whether or not the final order or decree is still in effect for this property. N/A

9. Environmental Releases During Transferor's Ownership.

(A) Has any situation occurred at this site which resulted in a reportable "release" of any hazardous substances or petroleum as required under state or federal laws?

Yes
No

(B) Have any hazardous substances or petroleum which were released come into direct contact with the ground at this site?

Yes
No

If the answer to question (A) or (B) is Yes, have any of the following actions or events been associated with a release on the property?

Use of a cleanup contractor to remove or treat materials including soils, pavement, or other surficial materials?

Assignment of in-house maintenance staff to remove or treat materials including soils, pavement, or other surficial materials?

Sampling and analysis of soils?

Temporary or more long term monitoring of groundwater at or near the site?

Impaired usage of an onsite or nearby water well because of offensive characteristics of the water?

Coping with fumes from subsurface storm drains or inside basements?

Signs of substances leaching out of the ground along the base of slopes or at other low points on or immediately adjacent to the site?

(C) Is there an environmental defect (as defined in IC 13-11-2-70) on the property that is not reported under question (A) or (B)?

Yes
No

If the answer is Yes, describe the environmental defect: _____

10. Is the facility currently operating under a variance granted by the commissioner of the Indiana department of environmental management?

Yes
No

11. Has the transferor ever conducted an activity on the site without obtaining a permit from The U.S. Environmental Protection Agency, the commissioner of the department of environmental management, or another administrative agency or authority with responsibility for the protection of the environment, when such a permit was required by law?

Yes
No

If the answer is Yes, describe the activity: _____

12. Is there any explanation needed for clarification of any of the above answers or responses?

Underground storage tank was removed August 27, 1998. One soil sample was collected along the east wall of the excavation exceeded IDEM action levels. The soil was over excavated and re-sampled. All of the re-samples were below IDEM action levels and given a low priority ranking. State issued a UST System Closure Report Review Checklist dated February 10, 2000.

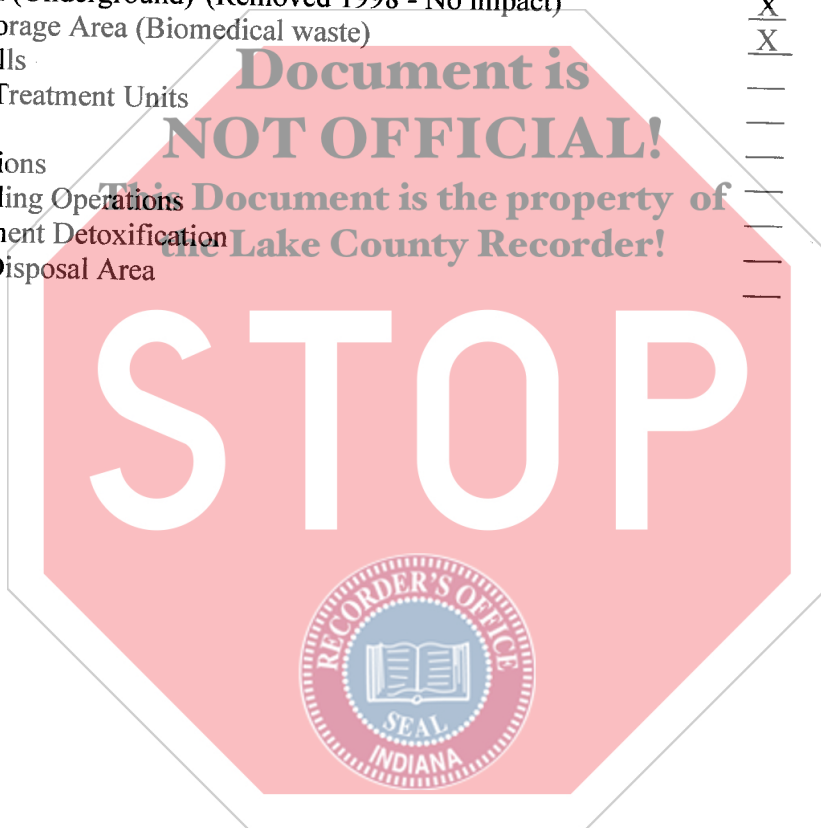
B. Site Information Under Other Ownership Or Operation

1. Provide the following information about the previous owner or about any entity or person to whom the transferor leased the property or with whom the transferor contracted for the management of the property:

Name: Charter Behavioral Health System II, LLC
 Type of business or property usage Behavioral Health Hospital

2. If the transferor has knowledge, indicate whether the following existed under prior ownerships, leaseholds granted by the transferor, or other contracts for management or use of the property:

	YES	NO
Landfill	—	<u>X</u>
Surface Impoundment	—	<u>X</u>
Land Application	—	<u>X</u>
Waste Pile	—	<u>X</u>
Incinerator	—	<u>X</u>
Storage Tank (Above Ground)	<u>X</u>	—
Storage Tank (Underground) (Removed 1998 - No impact)	<u>X</u>	—
Container Storage Area (Biomedical waste)	<u>X</u>	—
Injection Wells	—	<u>X</u>
Wastewater Treatment Units	—	<u>X</u>
Septic Tanks	—	<u>X</u>
Transfer Stations	—	<u>X</u>
Waste Recycling Operations	—	<u>X</u>
Waste Treatment Detoxification	—	<u>X</u>
Other Land Disposal Area	—	<u>X</u>



IV. CERTIFICATION

A. Based on my inquiry of those persons directly responsible for gathering the information, I certify that the information submitted is, to the best of my knowledge and belief, true and accurate.

TRANSFEROR:

CRESCENT REAL ESTATE FUNDING VII, L.P.

By: CRE Management VII Corp.,
a Delaware corporation,
its General Partner

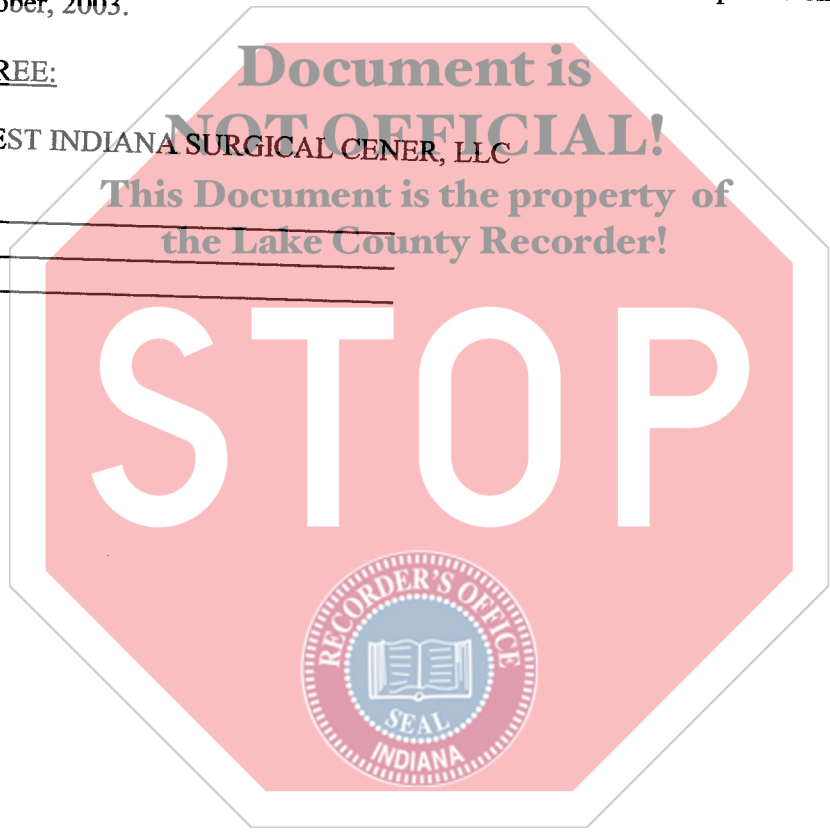
By: Clifford M Rudolph
Name: Clifford M. Rudolph
Title: Vice President, Investments

B. This form was delivered to me with all elements completed on the 6 day of October, 2003.

TRANSFeree:

NORTHWEST INDIANA SURGICAL CENTER, LLC

By: _____
Name: _____
Title: _____



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A. Based on my inquiry of those persons directly responsible for gathering the information, I certify that the information submitted is, to the best of my knowledge and belief, true and accurate.

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By: CRE Management VII Corp.,
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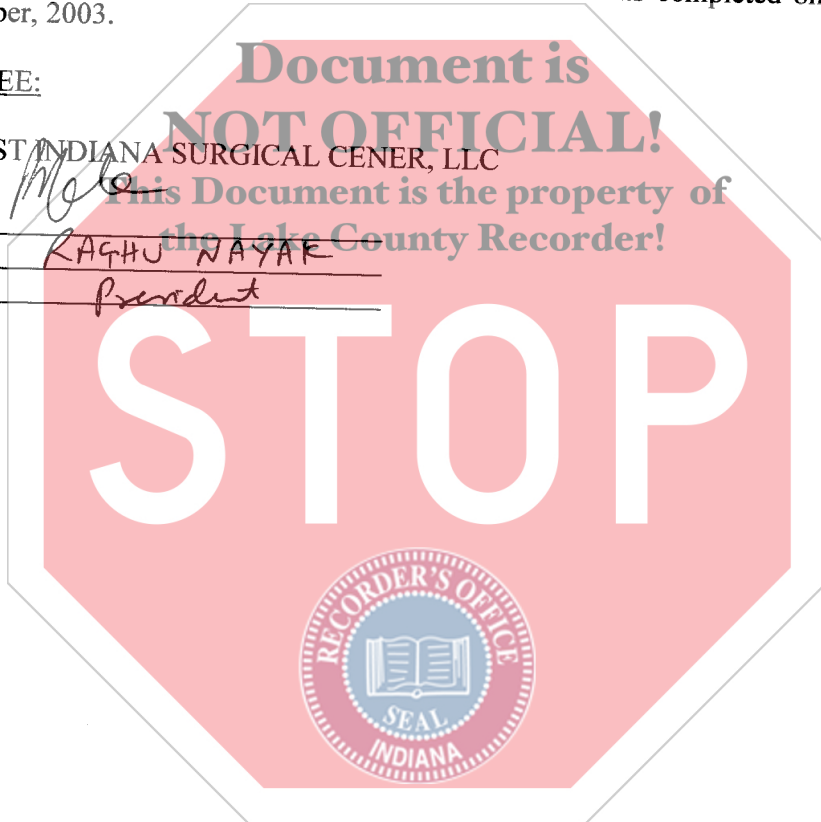
By: _____
Name: Clifford M. Rudolph
Title: Vice President, Investments

B. This form was delivered to me with all elements completed on the 6 day of October, 2003.

TRANSFeree:

NORTHWEST INDIANA SURGICAL CENTER, LLC

By: _____
Name: RAGHU NAYAR
Title: President



**WAIVER OF THIRTY DAY DEADLINE
FOR
ENVIRONMENTAL DISCLOSURE FOR TRANSFER
OF REAL PROPERTY**

The undersigned party waives the thirty (30) day deadline set forth in the Indiana Code §13-25-3-2 and is aware of the purpose and intent of the Environmental Disclosure Document for Transfer of Real Property for the property described on Exhibit A attached hereto and incorporated herein by this reference, which property is also known as the Charter Behavioral Health System Property.

Transferee:

NORTHWEST INDIANA SURGICAL CENTER, LLC

By: Melo
Name: RAGHU NAYAK
Title: President

Date: 10/6/03



EXHIBIT A

The land is situated in the State of Indiana, County of Lake and is described as follows:

A part of the Southeast Quarter of the Southeast Quarter of Section 6, Township 35 North, Range 7 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Commencing at the Southeast corner of said Quarter-Quarter section, thence North 00 degrees, 00 minutes 00 seconds West (assumed bearing) along the East line of said Quarter-Quarter Section 328.03 feet to a P.K. nail set being the POINT OF BEGINNING; thence North 88 degrees 44 minutes 20 seconds West 771.45 feet to an iron pin set; thence North 00 degrees 01 minute 26 seconds West 990.30 feet to a P.K. nail set on the North line of said Quarter to Quarter Section; thence along said North line South 88 degrees 18 minutes 37 seconds East 772.01 feet to a P.K. nail set at the Northeast corner of said Quarter-Quarter Section; thence South 00 degrees 00 minutes 00 seconds East along the East line of said Quarter-Quarter Section 984.51 feet to a P.K. nail set being the POINT OF BEGINNING, and excepting therefrom that part of the land conveyed by Crescent Real Estate Funding VII, L.P., Grantor, to the State of Indiana, Grantee, in Special Warranty Deed, recorded December 30, 1999 as Document No# 99109174, more particularly described as part of the Southeast Quarter of the Southeast Quarter of Section 6 Township 35 North, Range 7 West, Lake County, Indiana, and being that part of the owner's land, lying within the right of way lines depicted on the Right of Way Parcel Plat of Parcel 5 of Indiana Department of Transportation Project STP-N610 (001) attached hereto as Exhibit "A", containing 0.1868 hectares (0.462 acres), more or less.



EXHIBIT B

