

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

SC HEALTHCARE HOLDING, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-10443 (TMH)

(Joint Administration Requested)

**OBJECTION OF LUMENT REAL ESTATE CAPITAL, LLC TO DEBTORS’  
MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING  
THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING  
SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE  
STATUS, (III) GRANTING ADEQUATE PROTECTION TO CERTAIN PREPETITION  
SECURED CREDIT PARTIES, (IV) MODIFYING THE AUTOMATIC STAY,  
(V) AUTHORIZING THE DEBTORS TO ENTER INTO AGREEMENTS WITH JMB  
CAPITAL PARTNERS LENDING, LLC, (VI) AUTHORIZING NON-CONSENSUAL  
USE OF CASH COLLATERAL, (VII) SCHEDULING A FINAL HEARING, AND  
(VIII) GRANTING RELATED RELIEF**

Lument Real Estate Capital, LLC (“Lument”), f/k/a Lancaster Pollard Mortgage Company<sup>2</sup> hereby files this Objection (this “Objection”) to the Debtors<sup>3</sup> *Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing Non-*

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<sup>1</sup> The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen), or by contacting the undersigned proposed counsel for the Debtors.

<sup>2</sup> Lument was formerly known as ORIX Real Estate Capital, LLC, successor by merger to Lancaster Pollard Mortgage Company LLC. Copies of the relevant documents reflecting the name change are attached hereto collectively as **Exhibit A**.

<sup>3</sup> As used herein, Debtors generally refers to each of the debtors identified in the Petitions filed contemporaneously with the above-captioned case and for which joint administration is sought.



*Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* (the “Motion”) [D.I. 38] through which the Debtors seek to obtain up to \$45,000,000 in post-petition non-amortizing priming, super-priority senior secured term loan commitments (the “DIP Facility”) from JMB Capital Partners Lending, LLC (the “DIP Lender”). As explained in detail below, entering the Debtors Proposed Interim Order and granting the relief sought therein at a first day hearing lets the genie out of the bottle – it results in (a) Lument’s loss of its statutorily-required priority position in the Lument Mortgaged Property (defined herein) and its first lien position as to the other Lument Collateral (defined herein), and (b) the currently segregated Lument Collateral becoming jointly and severally liable for the repayment of up to \$15,000,000 in interim draws under the DIP Facility made for the benefit of non-Lument Debtors, and potentially leaves Lument without any avenue of recovery on the Lument Loan Obligations (defined herein). Debtors, apparently recognizing the substantial risk and inequitable result they are requesting, state, “the Proposed Interim Order does not preclude parties from seeking relief under the equitable doctrine of marshalling” and they further explain that “Debtors have committed to work with the DIP Lender to document an arrangement whereby the degree of priming for certain of the Prepetition Secured Parties would be limited pursuant to the Proposed Final Order.” Motion at ¶ 8. In short, Debtors are seeking extraordinary relief on day one with the “adequate protection” to Lument and other Prepetition Secured Parties (as defined in the Motion) being nothing more than a hope and a prayer that they will figure out some less inequitable option by the final hearing. Unfortunately, as stated above, after entry of the Proposed Interim Order, the damage will already have been done. Accordingly, Lument opposes any post-petition financing that seeks to (a) prime the statutorily-required, first-priority liens in favor of Lument on the Lument Facilities (defined below), (b) cross-collateralize the post-petition obligations across the assets of



the numerous single-asset entities that are the borrowers under the Lument Facilities, and/or (c) otherwise fails to provide Lument with adequate protection. In support of this Objection, Lument respectfully states as follows:

**PRELIMINARY STATEMENT**

1. As described in more detail below, the Lument Debtors<sup>4</sup> are liable to Lument under five separate HUD-insured loan facilities (the “Lument Loans”), each made to a separate single-asset entity approved by the Commissioner of the U.S. Department of Housing and Urban Development, and each secured by a statutorily-required, and properly perfected, first-priority lien on such Lument Debtors’ real estate, and a properly perfected, first-priority lien and security interest in substantially all of such Lument Debtor’s personal property relating to the respective Lument Facility, including, among other things, all of such Lument Debtors’ cash, accounts, accounts receivable, and all proceeds of the foregoing (collectively, the “Lument Cash Collateral”).

2. The Lument Loans were issued in the refinancing of loan facilities on five separate skilled nursing and/or assisted living facilities in Illinois: Palm Terrace of Mattoon, Flora Health Center, Mt. Vernon Health Center, Toulon Rehab & Health Center, and White Oak Rehab & Health Center (“collectively, the “Lument Facilities” and each individually, a “Lument Facility”). The Lument Loans are not cross-collateralized.

3. In exchange for, among other things, the substantially below market interest rates afforded to borrowers of loans made pursuant to the National Housing Act of 1937, as amended (the “National Housing Act”), the United States Department of Housing and Urban Development,

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<sup>4</sup> As used herein, Lument Debtors refers to those of the Debtors who are liable to Lument, including Petersen 23, Petersen 26, Petersen 27, Petersen 29, Petersen 30, Master Tenant, Management Company, and PHCII, each as defined herein.

acting through the Federal Housing Administration (collectively referred to herein as “HUD”), requires, among other things, that (a) HUD lenders, such as Lument, receive and maintain first-priority liens to secure the obligations; and (b) each facility be owned by a single purpose entity approved by the HUD Commissioner. Nothing in the Bankruptcy Code permits the Debtors to violate these otherwise applicable nonbankruptcy laws.

4. The terms of the proposed post-petition financing set forth in the Motion (a) violate Section 1715w(a)(4) of the National Housing Act’s requirement that the Lument mortgages be the first priority liens on the Lument Mortgaged Property (defined herein), (b) effectuate the impermissible substantive consolidation of the Debtors’ single purpose entities in violation of 24 C.F.R. § 200.105, which requires HUD borrowers be single-purpose entities, and which in turn has the effect of prohibiting cross-collateralization of the assets among the Lument Loans, and (c) amount to a request for a Court-authorized fraudulent transfer. Furthermore, the Debtors have not, and cannot, demonstrate adequate protection of Lument’s security interest in the separate and distinct collateral held for each of its five loans (which, per HUD requirements, are not cross-collateralized).

5. Accordingly, this Court should deny the Motion.

### **BACKGROUND**

#### **A. The Lument Loans**

6. The Lument Loans consist of five separate non-recourse loans made individually to “PropCo” entities, here Petersen 23, LLC (“Petersen 23”), Petersen 26, LLC (“Petersen 26”), Petersen 27, LLC (“Petersen 27”), Petersen 29, LLC (“Petersen 29”), and Petersen 30, LLC (“Petersen 30” and together with Petersen 23, Petersen 26, Petersen 27, and Petersen 29, the “Lument Borrowers”). The Lument Borrowers, as the owners of the applicable real property that

secures each of the Lument Loans, each lease their respective real estate to Petersen MT, LLC (the “Master Tenant”), who, pursuant to five separate subleases, subleases the properties to Petersen Management Company, LLC (the “Management Company”), as “OpCo”, to operate the Lument Facilities<sup>5</sup> located on the real estate. As described in more detail below, each of the five Lument Loans is secured by the real estate owned by the respective Lument Borrower, and all personal property tied to the real estate and operation of the respective Lument Facility owned by the respective Lument Borrower, Master Tenant, and Management Company.

7. Each of the Lument Loans is non-recourse, *i.e.*, Lument’s recovery in default is limited to its rights to liquidate and recover from the respective Lument Collateral for each of the Lument Loans and Lument has no right to collect any deficiency from any other individuals or entities. Lument has additional protection for repayment of its loans through HUD’s insurance of the loans in accordance with the National Housing Act. HUD in turn protects its interests as insurer through the HUD Regulatory Agreements (defined herein) to which the Lument Debtors each is a party, which give HUD, among other things, rights to enforce HUD’s program requirements. These HUD Regulatory Agreements, among other things, govern the operations of the Lument Facilities and use of the Lument Collateral.

8. Specifically, on or about April 1, 2013, Lument made the five separate Lument Loans to each of the Lument Borrowers. The Lument Loans are each evidenced by a Mortgage Note, dated April 1, 2013 (collectively, the “Lument Notes”, and each individually, a “Lument Note”), made payable by each of the respective Lument Borrowers to the order of Lument. The

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<sup>5</sup> Of the Lument Facilities, Petersen 23 owns the real estate upon which the Palm Terrace of Mattoon is operated. Petersen 26 owns the real estate upon which the Flora Health Center is operated. Petersen 27 owns the real estate upon which the Toulon Rehab & Health Center is operated. Petersen 29 owns the real estate upon which the Mt. Vernon Health Center is operated. Petersen 30 owns the real estate upon which the White Oak Rehab & Health Center is operated.

original principal balance of each of the Lument Notes was \$4,673,000 for Petersen 23, \$3,824,000 for Petersen 26, \$5,272,000 for Petersen 27, \$2,146,000 for Petersen 29, and \$2,497,000 for Petersen 30. The Lument Notes for Petersen 23, Petersen 26, Petersen 27, and Petersen 30 were each amended pursuant to a Modification to Mortgage Note dated September 1, 2020 (collectively, the “Lument Note Modifications”), to, among other things, reflect a reduction in the applicable interest rate and installment payments for the respective Lument Borrowers. A copy of the Lument Notes together with the Lument Note Modifications are attached hereto together as **Exhibit B**.

9. Each of the Lument Notes has been endorsed for mortgage insurance by HUD under Section 232, pursuant to Section 223(f), of the National Housing Act (12 U.S.C. § 1715w and 12 U.S.C. § 1715n (f)(4), respectively). This endorsement of each Lument Note by HUD did not constitute an assignment of such Lument Note or the loan evidenced thereby, each of which continues to be held and serviced by Lument.

10. Pursuant to the terms of five separate Mortgages, each dated as of April 1, 2013 (collectively, the “Lument Mortgages”, and each individually, a “Lument Mortgage”),<sup>6</sup> each of the Lument Borrowers granted a mortgage lien and security interest in the respective Lument Facility’s real estate located and fixtures in Illinois and related improvements, personal property and other assets, including all rents and leases (as described in the Mortgages), all as more particularly described in the respective Mortgage and defined herein as the “Lument Mortgaged Property”. A copy of each of the Lument Mortgages, together with the Assignment of Leases Rider to Mortgage, and the Lument Mortgage Amendments are attached hereto together as **Exhibit C**. Each of the respective Lument Mortgages was timely recorded in the applicable county recorder’s office. The

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<sup>6</sup> Consistent with the Lument Note Modifications, the Lument Mortgages for Petersen 23, Petersen 26, Petersen 27, and Petersen 30 were each amended pursuant to a Modification Agreement dated September 1, 2020 (together, the “Lument Mortgage Amendments”).

Lument Mortgages each secure their respective Lument Borrower's obligations under the respective Lument Note, including, the Lument Borrowers' obligation to repay the principal, interest, and other amounts due under the Lument Notes, the respective Mortgage, and the other loan documents relating to the respective Lument Loan. As required by the applicable provisions of the National Housing Act described herein, each of the Mortgages has a first-secured and priority position with respect to the Mortgaged Property.

11. Pursuant to the terms of five separate documents entitled, Security Agreement (Mortgagor) (collectively, the "Borrower Security Agreements"), the Lument Borrowers each further secured their respective obligations under the Lument Notes and Lument Mortgages by granting a first-priority lien and security interest in substantially all of the respective Lument Borrower's personal property as more particularly described in the Borrower Security Agreements (collectively, the "Personal Property Collateral" and together with the Mortgaged Property, the "Borrower Collateral"). Each of the Security Agreements is attached hereto together as **Exhibit D**.<sup>7</sup>

12. Pursuant to the terms of a HUD Facilities Master Lease (the "Master Lease") and five separate Memorandums of Master Lease (collectively, the "Memorandums of Leases"), a duplicate original of each which was recorded with the applicable county recorder's office, the Lument Borrowers lease their respective Mortgaged Property and the facility thereon to Master Tenant, which then further subleases each of the respective Mortgaged Property to the Management Company under the terms of five separate Sublease (collectively, the "Subleases") and five separate Memorandums of Sublease (collectively, the "Memorandums of Sublease"), a

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<sup>7</sup> Lument's, security interests in the Lument Collateral (defined herein) were perfected by the filing of UCC- 1 financing statements filed with the Illinois Secretary of State and as fixture filings in the applicable county recorder's office. Such filings and relevant continuation statements are attached hereto collectively as **Exhibit E**.

duplicate original of each which was recorded with the applicable county recorder's office. The Master Lease and the Subleases have all been collaterally assigned to Lument as collateral for the Lument Loans. Copies of the Master Lease and Memorandum of Leases are attached hereto together as **Exhibit F**. Copies of the Subleases and the Memorandum of Subleases are attached hereto together as **Exhibit G**.

13. As further security for the Lument Borrowers' obligations under the respective Lument Notes and Lument Mortgages, the Master Tenant and Management Company each guaranteed the obligations of the Lument Borrowers' and granted first priority liens and security interests in all of their respective personal property relating to the operations of the Lument Facilities as more particularly described in the Master Tenant Security Agreements and Sublessee Security Agreements (collectively, the "Tenant Personal Property Collateral") and together with the Borrower Collateral, the "Lument Collateral"), copies of which are attached hereto together as **Exhibit H** (the "Master Tenant Security Agreements"), and **Exhibit I** (the "Sublessee Security Agreements").

14. Petersen Health Care II, Inc. ("PHCII") receives certain payments related to the Lument Facilities on behalf of the Management Company, such payments having been earned on account of services provided at the Lument Facilities by the Management Company (the "PHCII Receivables"). As further security for the Lument Borrowers' obligations under the respective Lument Notes and Lument Mortgages, (i) PHCII granted first priority liens and security interests in all of the PHCII Receivables relating to each Lument Facility, and (ii) guaranteed the respective obligations of the Lument Borrowers, but only to the extent of the applicable Lument Facility's PHCII Receivables, all as more particularly described in the Member Security Agreements, copies of which are attached hereto together as **Exhibit J** (the "Member Security Agreements"). PHCII

granted no additional liens and/or security interests related to the Lument Loans and did not guaranty the obligations of the Lument Borrowers to any extent beyond the applicable PHCII Receivables. The intention of the Member Security Agreements was not to create personal liability or personal responsibility for the Lument Loans on the part of PHCII, but instead to create a lien and security interest in *all* funds earned on account of services provided at a given Lument Facility as security for the applicable Lument Loan.

15. As of March 20, 2024 (the "Petition Date"), the date upon which each of the Debtors filed voluntary petitions for relief initiating the above-captioned cases (collectively, the "Chapter 11 Cases"), Petersen 23, Master Tenant, and Management Company were liable to Lument in the amount of no less than \$3,378,956.24, exclusive of fees, costs, and expenses (including any attorneys', accountants', appraisers' and financial advisors' fees and expenses, in each case, that are chargeable or reimbursable under the respective Lument Note and related loan documents) relating to the Lument Loan for Palm Terrace of Mattoon (collectively, the "Palm Terrace Obligations").

16. As of the Petition Date, Petersen 26, Master Tenant, and Management Company were liable to Lument in the amount of no less than \$2,765,060.47, exclusive of fees, costs, and expenses (including any attorneys', accountants', appraisers' and financial advisors' fees and expenses, in each case, that are chargeable or reimbursable under the respective Lument Note and related loan documents) relating to the Lument Loan for the Flora Health Center (collectively, the "Flora Obligations").

17. As of the Petition Date, Petersen 27, Master Tenant, and Management Company were liable to Lument in the amount of no less than \$3,812,081.97, exclusive of fees, costs, and expenses (including any attorneys', accountants', appraisers' and financial advisors' fees and

expenses, in each case, that are chargeable or reimbursable under the respective Lument Note and related loan documents) relating to the Lument Loan for the Toulon Rehab & Health Center (collectively, the “Toulon Obligations”).

18. As of the Petition Date, Petersen 29, Master Tenant, and Management Company were liable to Lument in the amount of no less than \$1,467,399.58, exclusive of fees, costs, and expenses (including any attorneys’, accountants’, appraisers’ and financial advisors’ fees and expenses, in each case, that are chargeable or reimbursable under the respective Lument Note and related loan documents) relating to the Lument Loan for the Mt. Vernon Health Center (collectively, the “Mt. Vernon Obligations”).

19. As of the Petition Date, Petersen 30, Master Tenant, and Management Company were liable to Lument in the amount of no less than \$1,805,532.27, exclusive of fees, costs, and expenses (including any attorneys’, accountants’, appraisers’ and financial advisors’ fees and expenses, in each case, that are chargeable or reimbursable under the respective Lument Note and related loan documents) relating to the Lument Loan for the White Oak Rehab & Health Center (collectively, the “White Oak Obligations” and together with the Palm Terrace Obligations, the Flora Obligations, the Toulon Obligations, and the Mt. Vernon Obligations, the “Lument Loan Obligations”).



**B. The HUD Regulatory Agreements**

20. Each of the Lument Borrowers and the Secretary of HUD are parties to an Owner Regulatory Agreement with LEAN Rider dated April 1, 2013 (the “Owner Regulatory Agreements”), copies of which are attached hereto collectively, as **Exhibit K**, which were incorporated into the respective Mortgages. *See* Lument Mortgages at § 3.

21. The Owner Regulatory Agreements impose upon the Lument Borrowers various obligations and restrictions with respect to the Lument Facilities and the rents, receivables, and other receipts generated therefrom including, without limitation, (i) the prohibition of any assignment, transfer, disposal, or encumbrance of such funds, and (ii) the restriction of such funds to be used only for payments due under the applicable Lument Loan, reasonable operating expenses, and necessary repairs of the particular project covered by the loan.<sup>8</sup> Additionally, any funds received by a Lument Borrower in excess of those funds necessary to satisfy the obligations of the applicable Lument Loan and such Lument Borrower’s reasonable operating expenses (“Surplus Cash”) may only be distributed semi-annually, and even then, only if there is not event of default under the applicable Lument Loan.<sup>9</sup>

22. The Master Tenant is similarly party to a separate Master Tenant Regulatory Agreement with LEAN Rider with the Secretary of HUD for each of the Lument Facilities (collectively, the “Master Tenant Regulatory Agreements”), copies of which are attached hereto collectively, as **Exhibit L**. As the Owner Regulatory Agreements do with respect to the Lument Borrowers, the Master Tenant Regulatory Agreements further impose upon the Master Tenant various obligations and restrictions with respect to the Lument Facilities, the Lument Mortgaged Property, and the rents, receivables, and other receipts generated therefrom including, without

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<sup>8</sup> Owner Regulatory Agreement at § 6.

<sup>9</sup> Owner Regulatory Agreement at § 6(e).

limitation, prohibiting the granting of any lien senior to Lument on any of the Lument Collateral. *See* Master Tenant Regulatory Agreement LEAN Rider at § I.

23. The Management Company is similarly party to a separate Operator Regulatory Agreement with LEAN Rider with the Secretary of HUD for each of the Lument Facilities (collectively, the “Operator Regulatory Agreements,” and together with the Owner Regulatory Agreements and the Master Tenant Regulatory Agreements, the “HUD Regulatory Agreements”, and together with the Lument Notes, the Lument Mortgages, the Borrower Security Agreements, the Master Lease, the Subleases, the Master Tenant Security Agreements, and the Sublessee Security Agreements, the “Loan Documents”), copies of the Operator Regulatory Agreements are attached hereto collectively, as **Exhibit M**. As the Owner Regulatory Agreements do with respect to the Lument Borrowers and the Master Tenant Regulatory Agreements do with respect to the Master Tenant, the Operator Regulatory Agreements further impose upon the Management Company various obligations and restrictions with respect to the Lument Facilities, the Lument Mortgaged Property, and the rents, receivables, and other receipts generated therefrom including, without limitation, prohibiting the granting of any lien senior to Lument on any of the Lument Collateral. *See* Operator Regulatory Agreement LEAN Rider at § I.

**F. The Bankruptcy Cases.**

24. On the Petition Date, the Debtors each filed voluntary petitions for Chapter 11 relief in the above-captioned cases and filed the Motion seeking approval of the DIP Facility from the DIP Lender, secured by, among other things, priming, first-priority liens and security interests in the assets of *all of the Debtors* and debtors in possession in these Chapter 11 Cases, including the Lument Debtors and the Lument Collateral securing the Lument Loan Obligations.

25. The Debtors propose to use the DIP Financing to, among other things, (a) satisfy a \$3,833,089.27 prepetition loan facility of eCapital which is secured by assets of certain of the Debtors but not the assets of the Lument Debtors, and for which none of the Lument Debtors is a borrower, guarantor, or other obligor;<sup>10</sup> and (b) to fund the operations and satisfy administrative expenses of *all* of the Debtors, not just the Lument Debtors.

26. As explained herein, the DIP Financing proposed by the Motion is not permissible under the National Housing Act and the regulations promulgated by HUD pursuant thereto, the Bankruptcy Code, or principles of equity. In addition, Lument is entitled to adequate protection of its interests.

### **ARGUMENT**

**A. Nothing in the Bankruptcy Code Authorizes the Debtors to Violate Otherwise Applicable Law Including the National Housing Act and the Regulations Promulgated by HUD Thereunder.**

27. As explained below, the Motion cannot be granted (at least with respect to the Lument Debtors that have granted mortgages or other security interests to secure mortgage loans insured by HUD under the National Housing Act) because the relief sought in the Motion would result in Court-ordered super-priority liens that are prohibited under Section 1715w(a)(4) of the National Housing Act, and the cross-collateralization of loans by HUD-insured properties, in violation of the Healthcare Mortgage Insurance Program Section 232 of the National Housing Act, A HUD Handbook (the “HUD Section 232 Handbook”).<sup>11</sup> Specifically, granting the relief sought in the Motion would result in Lument’s liens and security interest, which secure projects financed with mortgage loans insured by HUD under the National Housing Act, being (a) impermissibly

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<sup>10</sup> See *Declaration of David R. Campbell in Support of Debtors’ Chapter 11 Petitions and First Day Pleadings* (the “First Day Declaration”), at Ex. D. [D.I. 44]

<sup>11</sup> See HUD Section 232 Handbook at <https://www.hud.gov/sites/documents/42321HSGH.PDF>.

*subordinated* to the DIP Lender, and (b) impermissibly cross-collateralized with all of the Debtors' obligations across both HUD-insured facilities and non-HUD insured facilities. The Court should deny the Motion on this ground alone.

28. Section 1715w, which is found in title II of the National Housing Act, relates to mortgage insurance for nursing homes, assisted living facilities, and other intermediate care facilities. *See* 12 U.S.C. § 1715w(a)(1) (stating the purpose of this section is to assist in the “development of nursing homes . . . intermediate care facilities . . . [and] assisted living facilities”). This section authorizes HUD to “insure any mortgage . . . in accordance with the provisions of this section upon such terms and conditions as [HUD] may prescribe. . . .” 12 U.S.C. § 1715w(c).

29. This section of the National Housing Act further prescribes the situations in which HUD may insure mortgage loans for nursing homes, assisted living facilities, or other intermediate care facilities. In particular, sections 1715w(c) and (d) require, among other things, that the mortgage to be insured be executed by a mortgagor (borrower) approved by HUD, shall not exceed established loan to value percentages, and that the mortgage be a “*first* mortgage on real estate in fee simple”. 12 U.S. Code § 1715w(a)(4) (emphasis added). The Regulations Relating to Housing and Urban Development (the “HUD Regulations”) further require that the project to be insured “must be free and clear of all liens other than the insured mortgage, except that the property may be subject to an inferior lien as provided by terms and conditions established by the Commissioner<sup>12</sup> for an inferior lien.” 24 CFR § 200.71. Additionally, the HUD Regulations require HUD to “regulate the mortgagor by means of a regulatory agreement providing terms, conditions and standards established by the Commissioner, or by such other means as the Commissioner may prescribe.” 24 CFR § 200.105. It is pursuant to this authority that HUD

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<sup>12</sup> For practical purposes, HUD and Commissioner are used interchangeably in the relevant statute and regulations.

established the HUD Regulatory Agreements to which the Lument Borrowers are bound and which, among other things, do not permit any liens on the Lument Collateral without HUD's prior written approval. *See* Owner Regulatory Agreements, § 6; Master Tenant Regulatory Agreement, LEAN Rider at § I; Operator Regulatory Agreements, LEAN Rider § I.

30. In addition to the requirement that HUD lenders such as Lument hold first priority mortgage liens, the HUD Regulations further require that the borrower and operator with respect to each of the subject HUD-insured loans is required to be “a single asset entity acceptable to the Commissioner” (*i.e.*, HUD). 24 C.F.R. § 232.3. HUD further prohibits cross-collateralization and cross-defaults with respect to its projects, and prohibits any funds from HUD-insured projects from being used for the operations of healthcare facilities that are not subject to loans insured by HUD under the National Housing Act. *See* HUD Section 232 Handbook at § 15.3(J) (“The AR Lender cannot use the accounts receivable or any other collateral related to the included FHA-insured projects to secure or pay loans to non-FHA projects/Operators, or to secure or pay debts of FHA-insured projects not approved for inclusion in the AR line.”).

31. The Lument Debtors (as well as the other Debtors involved in projects with HUD-insured mortgages) cannot use the Bankruptcy Code to avoid their existing obligations under the National Housing Act, the HUD Regulations, and the HUD Regulatory Agreements promulgated by HUD in accordance with the National Housing Act and the HUD Regulations. “[W]hen two statutes are capable of coexistence, it is the duty of the courts, absent clearly expressed congressional intention to the contrary, to regard each as effective.” *Rowland v. Bissell Homecare, Inc.*, 73 F.4th 177, 183-84 (3d Cir. 2022) (quoting *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124, 143–44 (2001)). Therefore, courts routinely apply “a federal statute to bankruptcy suits despite the existence of another, bankruptcy-specific statute covering the same

ground.” *Simon v. FIA Card Servs., N.A.*, 732 F.3d 259, 275 (3d Cir. 2013) (citing *Connecticut National Bank v. Germain*, 503 U.S. 249 (1992)). To determine whether the Bankruptcy Code supersedes another federal statute, “the proper inquiry . . . is whether the [federal statute] raises a direct conflict between the Code or Rules and the [federal statute] or whether both can be enforced.” *Simon*, 732 F.3d at 274 (finding that there is “a presumption against the implied repeal of one federal statute by another”).

32. There is nothing in the Bankruptcy Code that is in direct conflict with the relevant provisions of the National Housing Act and the regulations promulgated under it. *Compare In re Welker*, 163 B.R. 488, 489 (Bankr. N.D. Tex. 1994) (“The Bankruptcy Code does not authorize the court to employ § 363 to supersede or preempt [HUD guidelines] or the compelling public policy interests behind the housing acts.”); *with In re Pulaski Highway Express, Inc.*, 41 B.R. 305, 309-10 (Bankr. M.D. Tenn. 1984) (“courts addressing conflicts between ERISA and the Bankruptcy Code have concluded that the Bankruptcy Code controls because of the *explicit language of § 1144(d)*.”) (emphasis added). There are no sections of the Bankruptcy Code that directly address the portions of the National Housing Act and regulations promulgated under it that are at issue in this case. Accordingly, the Court must enforce **both** the National Housing Act and the Bankruptcy Code in a manner consistent with each other. *Simon*, 732 F.3d at 274.

33. In this case, if the Court were to issue an order granting the Motion and ordering the priming first-priority liens on the Lument Collateral, it would result in violation of two separate provisions of the National Housing Act and regulations issued thereunder. First, authorizing priming liens on assets of the Debtors involved in the subject HUD-insured loans, including the Lument Collateral, directly violates the requirement of the National Housing Act cited above that requires the subject HUD-insured loan be secured by a *first* mortgage on the subject project, and

(ii) second, as explained more fully below, authorizing such Debtors to agree to joint and several liability of all Debtors, including the Lument Debtors, to the DIP Lender would defeat the required “single asset entity” structure required by the Commissioner of HUD under the HUD Regulations.

34. Thus, because granting DIP financing on the terms proposed would violate the National Housing Act and the regulations promulgated thereunder, the Court must deny the Motion or modify the proposed interim order consistent with the requirements of the National Housing Act and related regulations.

**B. The Proposed DIP Financing Effectuates the Impermissible Substantive Consolidation of the Debtors’ Estates.**

35. The proposed DIP Financing is further objectionable because, in effect, it is a request for *de facto* substantive consolidation of each of the single-purpose debtor entities as it makes each of the single-purpose debtor entities “jointly and severally liable”<sup>13</sup> for the debts of each other under the proposed DIP Facility. Under Third Circuit law and the equities of the cases, the facts do not justify substantive consolidation. The Debtors have presented no evidence that substantive consolidation would be appropriate and would not result in harm to Lument and other similarly situated creditors. In contrast, the facts show that substantive consolidation is wholly inappropriate and would result in harm to Lument.

36. The Third Circuit has held that for a court to approve substantive consolidation of a group of entities, the proponent must show that “prepetition [the debtors] disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity” or that “postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors.” *In re Owens Corning*, 419 F.3d 195, 211 (3d Cir. 2005).

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<sup>13</sup> See Debtors’ Proposed Interim Order at ¶ 2.

37. “A prima facie case for [substantive consolidation] typically exists when, based on the parties’ prepetition dealings, a proponent proves corporate disregard creating contractual expectations of creditors that they were dealing with debtors as one indistinguishable entity.” *Id.* at 212. The proponent must also prove that “in their prepetition course of dealing, they actually and reasonably relied on debtors’ supposed unity.” *Official Comm. of Unsecured Creditors of HH Liquidation, LLC v. Comvest Grp. Holdings, LLC (In re HH Liquidation, LLC)*, 590 B.R. 211, 258 (Bankr. D. Del. 2018) (quoting *Owens*, 419 F.3d at 212). If these two requirements are met, “an opponent of substantive consolidation can still preclude application of the remedy by showing that other creditors ‘actually relied on debtors’ separate existence,’ and would be ‘adversely affected’ by substantively consolidating the various entities.” *Id.* (quoting *Owens*, 419 F.3d at 212).

38. Here, there is no evidence that any of the Debtors’ creditors treated each of the Lument Debtors as part of “one indistinguishable entity” with the other Debtors. In fact, (a) the structure of the Lument Loans, (b) the HUD requirements<sup>14</sup>, and (c) the non-recourse nature of HUD-insured loans, discussed in more detail below, demonstrate precisely the opposite. Each of the Lument Loans was made to a separate single-asset entity as required by the HUD Regulations. As required by HUD, (a) Lument treated each of the entities as separate; and (b) recovery on each Lument Loan is solely from the specified collateral of the applicable single-asset borrower, and the assets of PHCII, the Master Tenant, and Management Company related to the Lument Facility secured by such loan.<sup>15</sup> The Debtors have not presented *any* evidence demonstrating that any other creditors took a different approach, nor can they with respect to Lument and the Lument Debtors.

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<sup>14</sup> See 24 C.F.R. § 232.3 (requiring mortgagor to be a single purpose entity approved by HUD).

<sup>15</sup> Although PHCII, the Master Tenant, and Management Company each executed security agreements for each of the Lument Loans, the security agreements limit the scope of the collateral for each Lument Loan to the personal property “on or used or usable in connection with” the specific Lument Facility., i.e., the Master Tenant and Management Company did not execute blanket security agreements cross-collateralizing their property with all of the Lument Loans.



39. Further, each Owner Regulatory Agreement contains a provision expressly limiting the first lien security interest for such Lument Loan to the applicable portion of the Lument Collateral and disclaiming any personal liability on the part of the Debtors.<sup>16</sup> Despite the non-Lument Debtors receiving protection from personal liability under each Lument Loan, all of the Debtors now seek to obtain an unjust benefit by subjecting the Lument Collateral to priming liens for the benefit of the non-Lument Debtors through the DIP Financing. Substantive consolidation through the creation of priming first-priority obligations jointly and severally owed by each of the Debtors is inappropriate in these cases where the creditors of the Lument Debtors have clearly dealt with the Lument Debtors as separate and distinct entities. *See HH Liquidation*, 590 B.R. at 260 (substantive consolidation inappropriate when “the record [was] clear that Holdings’ creditors ‘actually relied on debtors’ separate existence’ and would be ‘adversely affected’ by substantive consolidation”). Permitting the Debtors to now disregard their single-entity structure for the benefit of the non-Lument Debtors (and the DIP Lender) would adversely affect Lument and is inequitable. Importantly, should this Court enter the Proposed Interim Order, it would be very difficult, complicated, and prejudicial to Lument to seek to undo the damage done by the cross-collateralization of its loans and the creation of the joint and several liability for the DIP Financing. In particular, there is no mention in the Motion or otherwise how the Debtors propose to allocate the proceeds of any sales of their facilities, or otherwise account for differences in valuations between the various portfolios.

40. Granting the Motion and authorizing priming liens in favor of the DIP Lender as to all property of all of the Debtors would seriously undermine the purpose and structure of the Lument Loans (and all other HUD-insured loans) that exist as required by the National Housing

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<sup>16</sup> Owner Regulatory Agreement at § 17.

Act and the HUD Regulations discussed above, and would result in undue hardship for Lument and similarly situated HUD-insured lenders. For example, if one of the Lument Mortgaged Properties securing the Lument Loan Obligations was sold by the bankruptcy estate, the DIP Financing, as proposed, would result in the DIP Lender receiving *all* proceeds of such sale and all other similar sales up to the amount needed to satisfy the DIP Facility in full, with Lument being left with nothing more than a superpriority administrative expense, junior to the DIP Superpriority Claims, the Carve Out and the eCapital Obligations (each as defined in the Motion), and on equal level to all other previously secured prepetition lenders. Conversely, as currently structured (and as required by the applicable Loan Documents, the National Housing Act, and HUD Regulations), Lument would be entitled to payment in full from the sale of the Lument Mortgaged Property (or payment in full from a mortgage insurance claim to HUD) before any distributions to other creditors. In other words, the proposed cross-collateralization in the DIP Financing results in Lument's current prepetition first lien security position based upon the value of the Lument Collateral being reduced to a to a ratable unsecured position sharing in only the excess proceeds from the collateral of all of the Debtors after satisfaction of the DIP Facility, Carve Out and eCapital Obligations, and all without any explanation of how this ratable portion will be determined.

41. Thus, as requested, the DIP Financing would result in the inappropriate substantive consolidation of the Debtors' estates on an emergency basis on the first day of these Chapter 11 cases, resulting in an undue hardship upon Lument who made loans to single-asset entities. Accordingly, the Court should deny the Motion and not sanction *de facto* substantive consolidation of the Debtors' estates. *See In re Lucky Dragon Hotel & Casino, LLC*, No. 18-10792-mkn, 2021

Bankr. LEXIS 2145 (D. Nev. July 30, 2021) (denying DIP financing motion because “to allow the financing would . . . constitute Court approval of substantive consolidation”).

**C. The Proposed DIP Financing Seeks Court Authorization of a Fraudulent Transfer**

42. Not only would the Court sanction substantive consolidation through the granting of the Motion, but if the Court were to grant the Motion and approve the DIP Financing, it would effectively sanction the Debtors’ and the DIP Lender’s constructive fraud upon Lument – a result that cannot be easily undone once Lument loses its statutorily-required first lien position on the Lument Mortgaged Property and other Lument Collateral and finds that collateral subject to repayment of the senior DIP Facility should this Court enter the Debtors’ Proposed Interim Order as requested.

43. As this Court is well aware, constructive fraud exists where, among other things, a party receives less than reasonably equivalent value in exchange for transfers. 740 ILCS 160/5(a)(2) (a transfer or obligation is fraudulent if, among other things, “the debtor made the transfer or incurred the obligation . . . without receiving a reasonably equivalent value in exchange for the transfer or obligation.”); 6 Del. C. § 1304(a)(2) (same).

44. Here, the Debtors propose to use the DIP Financing to, among other things, (a) satisfy \$3,833,089.27 in prepetition obligations owed to eCapital that are not currently secured by any of the Lument Collateral, and for which the Lument Borrowers have no liability,<sup>17</sup> (b) fund operations for all of the Debtors, including operations that provide no benefit to the Lument Debtors or value to the Lument Collateral, and (iii) satisfy all post-petition administrative expenses of each of the Debtors.

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<sup>17</sup> See First Day Declaration, at Ex. D (demonstrating no Lument Borrower is obligated on the eCapital facility).

45. It is of course without question that Lument is not receiving *any* value let alone reasonably equivalent value for the use of the Lument Collateral to satisfy prepetition obligations currently unsecured as to Lument's collateral. Furthermore, with the Lument Debtors representing only 7 of the 124 total Debtors (or 5.6% of the total Debtors), with secured debts of approximately \$13 Million in the aggregate compared to the collective amount of at least approximately 180,000,000<sup>18</sup> (or approximately 7% of the total secured debt of all Debtors), the Lument Debtors and the Lument Collateral should not be jointly and severally liable with all of the Debtors for 100% of the Debtors' operational and administrative expenses as they are not receiving an equivalent value in exchange for the use of their collateral.

46. Accordingly, granting the Motion would result in the Court's sanctioning of a fraudulent transfer of Lument's interests in the Lument Collateral. Accordingly, the Court should deny the Motion.

**D. The Debtors Have Not Satisfied Their Burden as Required to Prime Lument's Security Interests.**

47. "Section 364(d)(1) provides that the court, after notice and hearing, 'may authorize post-petition financing supported by a superpriority lien only if': (1) the [debtor] is unable to obtain such credit otherwise and (2) 'there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.'" *Resolution Trust Corp. v. Swedeland Dev. Group (In re Swedeland Dev. Group)*, 16 F.3d 552, 557 (3d Cir. 1994) (quoting 11 U.S.C. 364(d)(1)). The burden is on the debtor "to establish that the holder of the lien to be subordinated has adequate protection." *Id.* (citing *In re Grant Broadcasting of Philadelphia, Inc.*, 71 B.R. 376, 386 (Bankr. E.D. Pa. 1987)).

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<sup>18</sup> See Debtors' Proposed Interim Order at ¶ P ("Debtors were indebted to the Prepetition Secured Parties under the Prepetition Loan Documents in an aggregate outstanding principal amount of not less than \$179,103,915").

48. The determination of adequate protection is made on a case by case basis. *Swedeland*, 16 F.3d at 564 (citing *In re O'Connor*, 808 F.2d. 1393, 1397 (10th Cir. 1994)). “The Code does not expressly define adequate protection, but Section 361 states that it may be provided by (1) periodic cash payments; (2) additional or replacement liens; or (3) other relief resulting in the ‘indubitable equivalent’ of the secured creditor's interest in such property.” *Id.* (citing 11 U.S.C. § 361).

49. In this case, Lument seriously questions whether the Debtors are unable to obtain post-petition financing on terms that do not require priming liens with respect to the Lument Collateral which is not subject to the pre-existing debt that the Debtors propose to pay-off in full immediately from the proceeds of the DIP Financing upon entry of the interim order. For example, Lument has seen no financing proposal for accounts receivable financing that could be put in place and secured by the cash collateral of the HUD-insured properties consistent with the National Housing Act and the HUD Regulations.

50. Additionally, the proposed DIP Financing and the use of the Lument Cash Collateral does not in actuality give Lument *any* adequate protection. In particular, the DIP Financing or the use of the Lument Cash Collateral will not result in additional real estate to secure the Lument Loan Obligations, or the addition of any other collateral to Lument’s collateral package that could provide adequate protection through a replacement or additional lien. The DIP Financing, being joint and several across all of the Debtors’ estates and assets, will certainly result in the use of Lument’s collateral far in excess of any new generations of accounts receivable by the Lument Debtors’ estates.

51. In particular, the Debtors vaguely offer adequate protection to Lument, along with all other Prepetition Secured Parties, in the form of: (a) “valid, perfected replacement security

interests in the Prepetition Collateral”, junior to the priming liens proposed to be granted by the DIP Financing to the DIP Lender; and (b) ratable superpriority administrative expense claims equal with all other similarly situated Prepetition Secured Parties, but junior again to the DIP Superpriority Claims, the Carve Out, and the eCapital Obligations. *See* Debtors’ Proposed Interim Order, ¶ 13.

52. Debtors also assert that Lument is adequately protected based upon an argument that there is a significant equity cushion<sup>19</sup> in the aggregate value of the Lument Mortgaged Property after deduction of the amounts needed to satisfy the Lument Loans.<sup>20</sup> However, (a) Lument disputes the Debtors’ valuations which appear to be based upon the broad application of a “per bed” calculation for each facility, rather than taking into account the specific circumstances of each of the Lument Mortgaged Properties; (b) given that the Lument Obligations are not cross-collateralized, the Debtors bear the burden of demonstrating that Lument is adequately protected as to *each* of the Lument Loans and the respective Lument Collateral securing each such loan (*i.e.*, the Debtors cannot establish adequate protection to Lument based upon equity in assets that do not secure the respective Lument Loan Obligations); and (c) the creation of joint and several liability among all of the Debtors for \$45,000,000 in post-petition financing secured by the Lument Mortgaged Properties leaves Lument with the very real risk of receiving no proceeds from the sale

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<sup>19</sup> *See* Declaration of David R. Campbell in Support of Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief (the “Valuation Declaration”) [D.I. 40].

<sup>20</sup> If the Debtors’ arguments are based upon an argument of an equity cushion, *i.e.*, that Lument is over-secured, then the Debtors must account for the payment of post-petition interest and all reasonable fees, costs, or charges provided to Lument under the Loan Documents and allowable under Section 506(b).

of its collateral as there certainly is not \$45,000,000 in equity in any of the Lument Mortgaged Properties.

53. Further, the Debtors' position that there is a sufficient equity cushion in the Lument Mortgaged Properties to support their requested priming liens is based, in part, on a significant reduction of the total amount owed to Lument on the Lument Loans by the amounts held in escrow accounts and reserve accounts, under the possession and control of Lument, and which are held for use in satisfaction of insurance obligations, real estate taxes, and eligible repairs and capital improvements for the Lument Mortgaged Properties (collectively, the "Escrowed Funds"). The DIP Financing also seems to be attempting to grant the DIP Lender a priming lien on the Escrowed Funds in addition to all other assets of the Debtors.<sup>21</sup> As an initial matter, it is wholly inappropriate for the Debtors to be granting a lien on the Escrowed Funds, which are in the possession and control of Lument, as they are (a) required under the Mortgages and the HUD Regulatory Agreements; and (b) necessary to provide adequate protection of the Lument Mortgaged Properties through maintenance of current insurance payments and real estate tax obligations. But, more simply, the Debtors cannot have their cake and eat it too. Debtors cannot have it both ways, and, importantly, the Escrowed Funds must remain unencumbered by any liens other than those securing the Lument Loan Obligations and must remain in Lument's possession and control (i.e., they may not be used non-consensually as cash collateral) so that Lument is not forced to advance funds post-petition to protect and preserve the Lument Mortgaged Property.

54. With respect to the Lument Cash Collateral, and the Debtors' proposed non-consensual use of the same, a substantial portion of the Lument Cash Collateral consists of rents paid by the Management Company to the Master Tenant and rents paid by the Master Tenant to

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<sup>21</sup> See Debtors' Proposed Interim Order at ¶ 11 (broadly defining DIP Collateral to include all assets of all Debtors).

the Lument Borrowers. Bankruptcy Code Section 552(b)(2) provides that Lument's security interest in those rents continues post-petition, thus, Debtors' proffer of a replacement lien in those rents and proceeds of the same is illusory. *See In re Smithville Crossing, LLC*, 2011 Bankr. LEXIS 4605, at \*30-31 (Bankr. E.D.N.C. Sept. 28, 2011) (describing authority on issue and explaining that virtually every court finds an offer of a replacement lien to be illusory as to security interests in rents).

55. Accordingly, in the absence of adequate protection of Lument's security interests, the Court must deny the Motion.

#### **RESERVATION OF RIGHTS**

56. Lument reserves the right to supplement this Objection, to assert any other and further objections to the Motion, and to seek or assert any other rights or remedies available to it in these bankruptcy cases, including but not limited to the right to seek additional or different adequate protection, to seek relief from the automatic stay and/or to seek conversion and/or dismissal of the Debtors' chapter 11 cases.

**WHEREFORE**, Lument respectfully requests that this Court enter an order (a) denying the Motion as proposed; and (b) ordering such other and further relief in favor of Lument as is just and equitable.

Dated: March 21, 2024

Respectfully submitted,

/s/ Matthew G. Summers

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Laurel D. Roglen (No 5759)

Margaret A. Vesper (No. 6995)

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*Counsel to Lument Real Estate Capital LLC*

# **Exhibit A**

## Evidence of Lender Name Change and successor by merger

### Current Lender:

Lument Real Estate Capital, LLC, a Delaware limited liability company, f/k/a ORIX Real Estate Capital, LLC, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC

### Attachments:

1. Certificate of Amendment effective January 1, 2023 – Changes name from “ORIX Real Estate Capital, LLC” to “Lument Real Estate Capital, LLC”
2. Certified Formation Documents for ORIX Real Estate Capital, LLC:
  - A. Certificate of Conversion (changing name from “Red Mortgage Capital, Inc.” to “Red Mortgage Capital, LLC”)
  - B. Certificate of Formation of Red Mortgage Capital, LLC
  - C. Certificate of Correction filed May 4, 2010
  - D. Certificate of Correction filed May 6, 2010
  - E. Certificate of Change of Registered Agent filed September 20, 2012
  - F. Certificate of Merger filed December 28, 2018 – merging Lancaster Pollard Mortgage Company, LLC into Red Mortgage Capital, LLC with the surviving entity named as ORIX Real Estate Capital, LLC.
3. Evidence of conversion of Lancaster Pollard Mortgage Company, an Ohio corporation, to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company

# Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ORIX REAL ESTATE CAPITAL, LLC", CHANGING ITS NAME FROM "ORIX REAL ESTATE CAPITAL, LLC" TO "LUMENT REAL ESTATE CAPITAL, LLC", FILED IN THIS OFFICE ON THE FIRST DAY OF DECEMBER, A.D. 2022, AT 9:18 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF AMENDMENT IS THE FIRST DAY OF JANUARY, A.D. 2023 AT 12:01 O'CLOCK A.M.



  
Jeffrey W. Bullock, Secretary of State

4819818 8100  
SR# 20224144029

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 204976210  
Date: 12-01-22

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 09:18 AM 12/01/2022  
FILED 09:18 AM 12/01/2022  
SR 20224144029 - File Number 4819818

**CERTIFICATE OF AMENDMENT**

**OF**

**ORIX REAL ESTATE CAPITAL, LLC**

Pursuant to the provisions of Section 18-202 of the Delaware Limited Liability Company Act, ORIX Real Estate Capital, LLC, a Delaware limited liability company (the "Company"), hereby adopts this Certificate of Amendment to the Certificate of Formation of the Company (the "Certificate of Formation"):

1. The Certificate of Formation is hereby amended as follows:

The name of the limited liability company is:

Lument Real Estate Capital, LLC

2. The effective date and time of this Certificate of Amendment shall be 12:01 AM (EST) on January 1, 2023.

**IN WITNESS WHEREOF**, this Certificate of Amendment has been executed as of the 30<sup>th</sup> day of November, 2022.

Members:


**ORIX REAL ESTATE CAPITAL HOLDINGS, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

  
James J. Henson  
Secretary

**OREC INTERMEDIATE HOLDCO II, LLC,** a  
Delaware limited liability company

By: \_\_\_\_\_

  
James J. Henson  
Secretary

# Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF 'ORIX REAL ESTATE CAPITAL, LLC' AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF CONVERSION, CHANGING ITS NAME FROM "RED MORTGAGE CAPITAL, INC." TO "RED MORTGAGE CAPITAL, LLC", FILED THE FOURTH DAY OF MAY, A.D. 2010, AT 4:55 O`CLOCK P.M.

CERTIFICATE OF FORMATION, FILED THE FOURTH DAY OF MAY, A.D. 2010, AT 4:55 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE SIXTH DAY OF MAY, A.D. 2010, AT 5:38 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE SIXTH DAY OF MAY, A.D. 2010, AT 5:38 O`CLOCK P.M.

CERTIFICATE OF CHANGE OF REGISTERED AGENT, FILED THE TWENTIETH DAY OF SEPTEMBER, A.D. 2012, AT 5:37 O`CLOCK P.M.



  
Jeffrey W. Bullock, Secretary of State

4819818 8100H  
SR# 20191471209

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 202334652  
Date: 02-27-19

# Delaware

Page 2

The First State

**CERTIFICATE OF MERGER, CHANGING ITS NAME FROM "RED MORTGAGE CAPITAL, LLC" TO "ORIX REAL ESTATE CAPITAL, LLC", FILED THE TWENTY-EIGHTH DAY OF DECEMBER, A.D. 2018, AT 11:06 O'CLOCK A.M.**

**AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FIRST DAY OF JANUARY, A.D. 2019 AT 12:05 O'CLOCK A.M.**

**AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "ORIX REAL ESTATE CAPITAL, LLC".**



  
Jeffrey W. Bunch, Secretary of State

4819818 8100H  
SR# 20191471209

Authentication: 202334652  
Date: 02-27-19

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:55 PM 05/04/2010  
FILED 04:55 PM 05/04/2010  
SRV 100460721 - 4819818 FILE

**STATE OF DELAWARE  
CERTIFICATE OF CONVERSION  
FROM A FOREIGN CORPORATION TO A  
LIMITED LIABILITY COMPANY PURSUANT TO  
SECTION 18-214 OF THE LIMITED LIABILITY  
COMPANY ACT**


May 4, 2010

- 1.) The jurisdiction where the Foreign Corporation first formed is Ohio.
- 2.) The date the Foreign Corporation first formed June 1, 2000.
- 3.) The jurisdiction immediately prior to filing this Certificate is Ohio.
- 4.) The name of the Foreign Corporation immediately prior to filing this Certificate is Red Mortgage Capital, Inc.
- 5.) The name of the Limited Liability Company as set forth in the Certificate of Formation is Red Mortgage Capital, LLC.

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**IN WITNESS WHEREOF**, the undersigned, being the individual forming the Company, has executed, signed and acknowledged this Certificate of Formation as of the date first set forth above.

  
Name: **Thomas E. Line**  
Title: **Chief Financial Officer**

[Signature Page to Certificate of Formation of Red Mortgage Capital, LLC]

DB1/64732450 1

**State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:55 PM 05/04/2010  
FILED 04:55 PM 05/04/2010  
SRV 100460721 - 4819818 FILE**

**CERTIFICATE OF FORMATION  
OF  
RED MORTGAGE CAPITAL, LLC**

**May 4, 2010**

This Certificate of Formation of Red Mortgage Capital, LLC (the "Company") is being executed by the undersigned for the purpose of forming a limited liability company pursuant to the Delaware Limited Liability Company Act.

**FIRST:** The name of the Company is: Red Mortgage Capital, LLC.

**SECOND:** The address of the registered office of the Company in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, New Castle County, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Certificate on the date first set forth above.

By:   
Authorized Person

Name: Thomas E. Line  
Print or Type

[Signature Page to RMC Delaware Certificate of Conversion]

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 05:37 PM 05/06/2010  
FILED 05:38 PM 05/06/2010  
SRV 100473407 - 4819818 FILE

**STATE OF DELAWARE  
CERTIFICATE OF CORRECTION**

Red Mortgage Capital, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Ohio

**DOES HEREBY CERTIFY:**


1. The name of the corporation is Red Mortgage Capital, Inc.
2. That a Certificate of Conversion was filed with the Secretary of State of Delaware on May 4, 2010 and that said Certificate requires correction as permitted by Section 103 of the General Corporation Law of the State of Delaware.
3. The inaccuracy or defect of said Certificate is:  

The effective date was omitted.
4. A new Article 6 is added to the Certificate of Conversion, to read as follows:  

The effective date of conversion shall be May 6, 2010.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, said corporation has caused this Certificate of Correction  
this 6 day of May, A.D. 2010.

By:   
Authorized Officer

Name: THOMAS E. LINE  
Print or Type

Title: CFO

*State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 05:37 PM 05/06/2010  
FILED 05:38 PM 05/06/2010  
SRV 100473405 - 4819818 FILE*

**State of Delaware  
Certificate of Correction  
of a Limited Liability Company  
to be filed pursuant to Section 18-211(a)**

The name of the Limited Liability Company is Red Mortgage Capital, L.L.C.

**DOES HEREBY CERTIFY:**

1. That a Certificate of Formation was filed with the Secretary of State of Delaware on May 4, 2010, and that said Certificate requires correction as permitted by Section 18-211 of the Limited Liability Company Act.
2. The inaccuracy or defect of said Certificate is:  

The effective date was omitted.
3. A new Article Third is added to the Certificate, to read as follows:  

The effective date of formation shall be May 6, 2010.

**IN WITNESS WHEREOF**, the undersigned have executed this Certificate on the 6 day of May, A.D. 2010.

By:   
Authorized Person

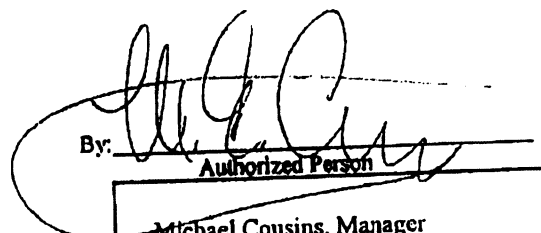
Name: THOMAS E. LINS  
Print or Type

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 06:45 PM 09/20/2012  
FILED 05:37 PM 09/20/2012  
SRV 121052115 - 4819818 FILE

STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT CHANGING ONLY THE  
REGISTERED OFFICE OR REGISTERED AGENT OF A  
LIMITED LIABILITY COMPANY

The limited liability company organized and existing under the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is \_\_\_\_\_  
**RED MORTGAGE CAPITAL, LLC**
2. The Registered Office of the limited liability company in the State of Delaware is changed to 1675 South State St., Ste B  
(street), in the City of Dover  
Zip Code 19901. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is \_\_\_\_\_  
Capitol Services, Inc

By:   
Authorized Person

Name: Michael Cousins, Manager  
Print or Type



**CERTIFICATE OF MERGER**

**MERGING**

**LANCASTER POLLARD MORTGAGE COMPANY, LLC**

**INTO**

**RED MORTGAGE CAPITAL, LLC**

**Pursuant to Section 18-209 of the  
Delaware Limited Liability Company Act**

**December 28, 2018**

Red Mortgage Capital, LLC, a Delaware limited liability company (the "Company"), which desires to merge with Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company ("Target"), hereby certifies that:

**FIRST:** The name and state of formation of each of the constituent entities of the merger are as follows:

<u>Name</u>	<u>State of Domicile</u>
Red Mortgage Capital, LLC	Delaware
Lancaster Pollard Mortgage Company, LLC	Delaware

**SECOND:** The Agreement and Plan of Merger dated as of December 28, 2018 but effective as of January 1, 2019 (the "Merger Agreement") by and among the Company and Target, has been approved, adopted, certified, executed and acknowledged by each of the constituent entities in accordance with Section 18-209 of the Delaware Limited Liability Company Act.

**THIRD:** The Company is the surviving entity of the merger, and the name of the surviving entity shall be ORIX Real Estate Capital, LLC.

**FOURTH:** The executed Merger Agreement is on file at the office of the surviving entity at 10 West Broad Street, 8<sup>th</sup> Floor, Columbus, OH 43215.

**FIFTH:** A copy of the Merger Agreement will be furnished by the surviving entity, on request and without cost, to any member of any constituent entity.

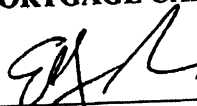
State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:06 AM 12/28/2018  
FILED 11:06 AM 12/28/2018  
SR 20189401628 - File Number 4819818

**SIXTH: The effective time and date of the merger shall be 12:05 AM on January 1, 2019.**

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Merger as of the date first written above.

**RED MORTGAGE CAPITAL, LLC**

By: \_\_\_\_\_

  
Name: Edward J. Meylor

Title: Authorized Person

*[Signature Page to Certificate of Merger – Lancaster Pollard Mortgage Company, LLC into Red Mortgage Capital, LLC]*

## Evidence of Lender Name Change and successor by merger

### Current Lender:

Lument Real Estate Capital, LLC, a Delaware limited liability company, f/k/a ORIX Real Estate Capital, LLC, a Delaware limited liability company, as successor by merger to Lancaster Pollard Mortgage Company, LLC

### Attachments:

1. Certificate of Amendment effective January 1, 2023 – Changes name from “ORIX Real Estate Capital, LLC” to “Lument Real Estate Capital, LLC”
2. Certified Formation Documents for ORIX Real Estate Capital, LLC:
  - A. Certificate of Conversion (changing name from “Red Mortgage Capital, Inc.” to “Red Mortgage Capital, LLC”)
  - B. Certificate of Formation of Red Mortgage Capital, LLC
  - C. Certificate of Correction filed May 4, 2010
  - D. Certificate of Correction filed May 6, 2010
  - E. Certificate of Change of Registered Agent filed September 20, 2012
  - F. Certificate of Merger filed December 28, 2018 – merging Lancaster Pollard Mortgage Company, LLC into Red Mortgage Capital, LLC with the surviving entity named as ORIX Real Estate Capital, LLC.

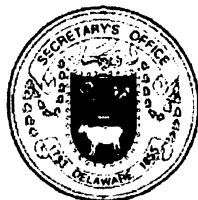
# Delaware

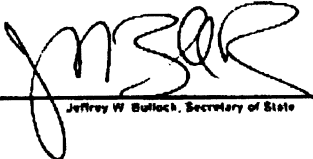
The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ORIX REAL ESTATE CAPITAL, LLC", CHANGING ITS NAME FROM "ORIX REAL ESTATE CAPITAL, LLC" TO "LUMENT REAL ESTATE CAPITAL, LLC", FILED IN THIS OFFICE ON THE FIRST DAY OF DECEMBER, A.D. 2022, AT 9:18 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF AMENDMENT IS THE FIRST DAY OF JANUARY, A.D. 2023 AT 12:01 O'CLOCK A.M.



  
Jeffrey W. Bullock, Secretary of State

4819818 8100  
SR# 20224144029

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 204976210  
Date: 12-01-22

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 09:18 AM 12/01/2022  
FILED 09:18 AM 12/01/2022  
SR 20224144029 - File Number 4819818

**CERTIFICATE OF AMENDMENT**  
**OF**  
**ORIX REAL ESTATE CAPITAL, LLC**

Pursuant to the provisions of Section 18-202 of the Delaware Limited Liability Company Act, ORIX Real Estate Capital, LLC, a Delaware limited liability company (the "Company"), hereby adopts this Certificate of Amendment to the Certificate of Formation of the Company (the "Certificate of Formation"):

1. The Certificate of Formation is hereby amended as follows:

The name of the limited liability company is:


Lument Real Estate Capital, LLC

2. The effective date and time of this Certificate of Amendment shall be 12:01 AM (EST) on January 1, 2023.

IN WITNESS WHEREOF, this Certificate of Amendment has been executed as of the 30<sup>th</sup> day of November, 2022.

Members:

**ORIX REAL ESTATE CAPITAL HOLDINGS, LLC,**  
a Delaware limited liability company

By:   
James J. Henson  
Secretary

**OREC INTERMEDIATE HOLDCO II, LLC,** a  
Delaware limited liability company

By:   
James J. Henson  
Secretary

# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "ORIX REAL ESTATE CAPITAL, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF CONVERSION, CHANGING ITS NAME FROM "RED MORTGAGE CAPITAL, INC." TO "RED MORTGAGE CAPITAL, LLC", FILED THE FOURTH DAY OF MAY, A.D. 2010, AT 4:55 O`CLOCK P.M.

CERTIFICATE OF FORMATION, FILED THE FOURTH DAY OF MAY, A.D. 2010, AT 4:55 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE SIXTH DAY OF MAY, A.D. 2010, AT 5:38 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE SIXTH DAY OF MAY, A.D. 2010, AT 5:38 O`CLOCK P.M.

CERTIFICATE OF CHANGE OF REGISTERED AGENT, FILED THE TWENTIETH DAY OF SEPTEMBER, A.D. 2012, AT 5:37 O`CLOCK P.M.



  
Jeffrey W. Bullock, Secretary of State

4819818 8100H  
SR# 20191471209

Authentication: 202334652  
Date: 02-27-19

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

# Delaware

Page 2

The First State

**CERTIFICATE OF MERGER, CHANGING ITS NAME FROM "RED MORTGAGE CAPITAL, LLC" TO "ORIX REAL ESTATE CAPITAL, LLC", FILED THE TWENTY-EIGHTH DAY OF DECEMBER, A.D. 2018, AT 11:06 O'CLOCK A.M.**

**AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FIRST DAY OF JANUARY, A.D. 2019 AT 12:05 O'CLOCK A.M.**

**AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "ORIX REAL ESTATE CAPITAL, LLC".**

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

4819818 8100H  
SR# 20191471209

Authentication: 202334652  
Date: 02-27-19

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:55 PM 05/04/2010  
FILED 04:55 PM 05/04/2010  
SRV 100460721 - 4819818 FILE


**STATE OF DELAWARE  
CERTIFICATE OF CONVERSION  
FROM A FOREIGN CORPORATION TO A  
LIMITED LIABILITY COMPANY PURSUANT TO  
SECTION 18-214 OF THE LIMITED LIABILITY  
COMPANY ACT**

May 4, 2010

- 1.) The jurisdiction where the Foreign Corporation first formed is Ohio.
- 2.) The date the Foreign Corporation first formed June 1, 2000.
- 3.) The jurisdiction immediately prior to filing this Certificate is Ohio.
- 4.) The name of the Foreign Corporation immediately prior to filing this Certificate is Red Mortgage Capital, Inc.
- 5.) The name of the Limited Liability Company as set forth in the Certificate of Formation is Red Mortgage Capital, LLC.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned, being the individual forming the Company, has executed, signed and acknowledged this Certificate of Formation as of the date first set forth above.

  
Name: Thomas E. Line  
Title: Chief Financial Officer

{Signature Page to Certificate of Formation of Red Mortgage Capital, LLC}

DB1/64732450 1

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:55 PM 05/04/2010  
FILED 04:55 PM 05/04/2010  
SRV 100460721 - 4819818 FILE

**CERTIFICATE OF FORMATION**  
**OF**  
**RED MORTGAGE CAPITAL, LLC**

**May 4, 2010**

This Certificate of Formation of Red Mortgage Capital, LLC (the "Company") is being executed by the undersigned for the purpose of forming a limited liability company pursuant to the Delaware Limited Liability Company Act.

**FIRST:** The name of the Company is: Red Mortgage Capital, LLC.

**SECOND:** The address of the registered office of the Company in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, New Castle County, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Certificate on the date first set forth above.

By:   
Authorized Person

Name: **Thomas E. Line**  
Print or Type

[Signature Page to RMC Delaware Certificate of Conversion]

*State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 05:37 PM 05/06/2010  
FILED 05:38 PM 05/06/2010  
SRV 100473407 - 4819818 FILE*

**STATE OF DELAWARE  
CERTIFICATE OF CORRECTION**

Red Mortgage Capital, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Ohio

**DOES HEREBY CERTIFY:**

1. The name of the corporation is Red Mortgage Capital, Inc.
2. That a Certificate of Conversion was filed with the Secretary of State of Delaware on May 4, 2010 and that said Certificate requires correction as permitted by Section 103 of the General Corporation Law of the State of Delaware.
3. The inaccuracy or defect of said Certificate is:


The effective date was omitted.

4. A new Article 6 is added to the Certificate of Conversion, to read as follows:

The effective date of conversion shall be May 6, 2010.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, said corporation has caused this Certificate of Correction  
this 6 day of May, A.D. 2010.

By:   
Authorized Officer

Name: THOMAS E. LINE  
Print or Type

Title: CFO

*State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 05:37 PM 05/06/2010  
FILED 05:38 PM 05/06/2010  
SRV 100473405 - 4819818 FILE*

**State of Delaware  
Certificate of Correction  
of a Limited Liability Company  
to be filed pursuant to Section 18-211(a)**

The name of the Limited Liability Company is Red Mortgage Capital, L.L.C.

**DOES HEREBY CERTIFY:**

1. That a Certificate of Formation was filed with the Secretary of State of Delaware on May 4, 2010, and that said Certificate requires correction as permitted by Section 18-211 of the Limited Liability Company Act.
2. The inaccuracy or defect of said Certificate is:  

The effective date was omitted.
3. A new Article Third is added to the Certificate, to read as follows:  

The effective date of formation shall be May 6, 2010.

IN WITNESS WHEREOF, the undersigned have executed this Certificate on the 6 day of May, A.D. 2010.

By:   
Authorized Person

Name: THOMAS E. LINE  
Print or Type

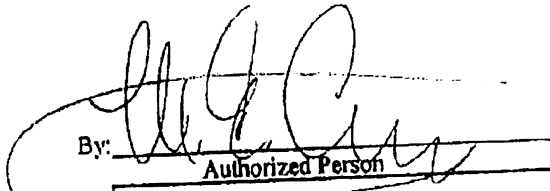


State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 06:45 PM 09/20/2012  
FILED 05:37 PM 09/20/2012  
SRV 121052115 - 4819818 FILE

STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT CHANGING ONLY THE  
REGISTERED OFFICE OR REGISTERED AGENT OF A  
LIMITED LIABILITY COMPANY

The limited liability company organized and existing under the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is \_\_\_\_\_  
**RED MORTGAGE CAPITAL, LLC**
2. The Registered Office of the limited liability company in the State of Delaware is changed to **1675 South State St., Ste B**  
\_\_\_\_\_ (street), in the City of **Dover**  
Zip Code **19901**. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is \_\_\_\_\_  
**Capitol Services, Inc.**

By:   
Authorized Person

Name: **Michael Cousins, Manager**  
Print or Type

**CERTIFICATE OF MERGER**

**MERGING**

**LANCASTER POLLARD MORTGAGE COMPANY, LLC  
INTO  
RED MORTGAGE CAPITAL, LLC**

**Pursuant to Section 18-209 of the  
Delaware Limited Liability Company Act**

**December 28, 2018**

Red Mortgage Capital, LLC, a Delaware limited liability company (the “Company”), which desires to merge with Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company (“Target”), hereby certifies that:

**FIRST:** The name and state of formation of each of the constituent entities of the merger are as follows:

<u>Name</u>	<u>State of Domicile</u>
Red Mortgage Capital, LLC	Delaware
Lancaster Pollard Mortgage Company, LLC	Delaware

**SECOND:** The Agreement and Plan of Merger dated as of December 28, 2018 but effective as of January 1, 2019 (the “Merger Agreement”) by and among the Company and Target, has been approved, adopted, certified, executed and acknowledged by each of the constituent entities in accordance with Section 18-209 of the Delaware Limited Liability Company Act.

**THIRD:** The Company is the surviving entity of the merger, and the name of the surviving entity shall be ORIX Real Estate Capital, LLC.

**FOURTH:** The executed Merger Agreement is on file at the office of the surviving entity at 10 West Broad Street, 8<sup>th</sup> Floor, Columbus, OH 43215.

**FIFTH:** A copy of the Merger Agreement will be furnished by the surviving entity, on request and without cost, to any member of any constituent entity.


State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:06 AM 12/28/2018  
FILED 11:06 AM 12/28/2018  
SR 20188401628 - File Number 4819818

**SIXTH: The effective time and date of the merger shall be 12:05 AM on January 1, 2019.**

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Merger as of the date first written above.

**RED MORTGAGE CAPITAL, LLC**

By: \_\_\_\_\_

  
Name: Edward J. Meylor  
Title: Authorized Person

*[Signature Page to Certificate of Merger – Lancaster Pollard Mortgage Company, LLC into Red Mortgage Capital, LLC]*



**\*201326700355\***

DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
09/24/2013	201326700355	CONVERSION WITHIN SOS RECORDS (CVS)	125.00	100.00	.00	25.00	.00

**Receipt**

This is not a bill. Please do not remit payment.

VORYS, SATER, SEYMOUR AND PEASE LLP  
ATTN: MARY JO GROVE  
52 EAST GAY STREET  
COLUMBUS, OH 43215

**STATE OF OHIO  
CERTIFICATE**

**Ohio Secretary of State, Jon Husted**

786007

It is hereby certified that the Secretary of State of Ohio has custody of the business records for  
**LANCASTER POLLARD MORTGAGE COMPANY, LLC**  
and, that said business records show the filing and recording of:

Document(s)  
**CONVERSION WITHIN SOS RECORDS**

Document No(s):  
**201326700355**

Effective Date: 09/23/2013

CHANGE BUSINESS TYPE FOR. PROFIT LIM. LIAB. CO.



United States of America  
State of Ohio  
Office of the Secretary of State

Witness my hand and the seal of the  
Secretary of State at Columbus, Ohio  
this 24th day of September, A.D. 2013.

*Jon Husted*

Ohio Secretary of State



Form 700 Prescribed by:  
**JON HUSTED**  
Ohio Secretary of State

Central Ohio: (614) 466-3910  
Toll Free: (877) SOS-FILE (767-3453)  
www.OhioSecretaryofState.gov  
Busserv@OhioSecretaryofState.gov

Makes checks payable to Ohio Secretary of State

Mail this form to one of the following:  
Regular Filing (non expedite)  
P.O. Box 1329  
Columbus, OH 43216

Expedite Filing (Two-business day processing  
time requires an additional \$100.00).  
P.O. Box 1390  
Columbus, OH 43216

## Certificate for Conversion for Entities Converting Within or Off the Records of the Ohio Secretary of State Filing Fee: \$125

(CHECK ONLY ONE (1) BOX)

(1)  Converting Within The Records of the Ohio Secretary of State

(2)  Converting Off The Records of the Ohio Secretary of State  
(187-VXX)

Name of the converting entity

Jurisdiction of Formation

Charter/Registration Number

The converting entity is a:  
(Check Only (1) One Box)

<input checked="" type="checkbox"/> Domestic Corporation (For-Profit or Nonprofit)	<input type="checkbox"/> Partnership
<input type="checkbox"/> Foreign Corporation (For-Profit or Nonprofit)	<input type="checkbox"/> Domestic Limited Partnership
<input type="checkbox"/> Domestic Nonprofit Limited Liability Company	<input type="checkbox"/> Foreign Limited Partnership
<input type="checkbox"/> Foreign Nonprofit Limited Liability Company	<input type="checkbox"/> Domestic Limited Liability Partnership
<input type="checkbox"/> Domestic For-Profit Limited Liability Company	<input type="checkbox"/> Foreign Limited Liability Partnership
<input type="checkbox"/> Foreign For-Profit Limited Liability Company	

The converting entity hereby states that it has complied with all laws in the jurisdiction under which it exists and that those laws permit the conversion.

2013 SEP 23 AM 9:52  
RECEIVED

Name of the converted entity

Jurisdiction of Formation

The converted entity is a:  
(Check Only (1) One Box)

Domestic Corporation (For-Profit)  Partnership

Foreign Corporation (For-Profit or Nonprofit)  Domestic Limited Partnership

Domestic Nonprofit Limited Liability Company  Foreign Limited Partnership

Foreign Nonprofit Limited Liability Company  Domestic Limited Liability Partnership

Domestic For-Profit Limited Liability Company  Foreign Limited Liability Partnership

Foreign For-Profit Limited Liability Company

Effective Date  (The conversion is effective upon the filing of this certificate or on a later date specified in the certificate)

Name and address of the person or entity that will provide a copy of the declaration of conversion upon written request.

Name

Mailing Address

City State Zip Code

**Required information that must accompany conversion certificate if box 2 is checked**

If the converting entity is a domestic or foreign entity that will not be licensed in Ohio, provide the name and address of the statutory agent upon whom any process, notice or demand may be served.

Name of Statutory Agent

Mailing Address

City State Zip Code

If the agent is an individual using a P.O. Box, check this box to confirm that the agent is an Ohio resident.

**See instructions for additional filing requirements if**

(1) the conversion creates a new domestic entity,

(2) the converted entity is a foreign entity that desires to transact business in Ohio; or

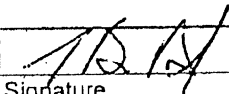
(3) if a domestic corporation or foreign corporation licensed in Ohio is the converting entity.



IN WITNESS WHEREOF, the conversion is authorized on behalf of the converting entity and that each person signing the certificate of conversion is authorized to do so.

**Required**

Must be signed by an authorized representative.

  
Signature

By (if applicable)

T. Brian Pollard  
Print Name Chief Executive Officer

Signature

By (if applicable)

Print Name

Signature

By (if applicable)

Print Name



AFFIDAVIT OF PERSONAL PROPERTY

State of OHIO

County of FRANKLIN SS:

T. Brian Pollard
Name of Officer

Chief Executive Officer
Title of Officer

of Lancaster Pollard Mortgage Company
Name of Corporation

and that this affidavit is made in compliance with Section 1701.811(B)(4) of the Ohio Revised Code.

That above-named corporation: (Check one (1) of the following)

- Has no personal property in any county in Ohio
Is the type required to pay personal property taxes to state authorities only
Has personal property in the following county (ies)

Franklin County

and that the net assets of said corporation are sufficient to pay all personal property taxes accrued to date.

Signature: [Handwritten Signature]

Title: Chief Executive Officer

Acknowledged before me and subscribed in my presence on Date 9/23/13

Seal

[Handwritten Signature]
Notary Public

Expiration date of Notary Public's Commission Date

MICHAEL A. CLINE, Attorney-At-Law
NOTARY PUBLIC, STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.



Form 533B Prescribed by:  
 Ohio Secretary of State  
**JON HUSTED**  
 Ohio Secretary of State  
 Central Ohio: (614) 466-3910  
 Toll Free: (877) SOS-FILE (767-3453)  
 www.OhioSecretaryofState.gov  
 Busserv@OhioSecretaryofState.gov

Mall this form to one of the following:

Regular Filing (non expedite)  
 P.O. Box 670  
 Columbus, OH 43216

Expedite Filing (Two-business day processing  
 time requires an additional \$100.00).  
 P.O. Box 1390  
 Columbus, OH 43216

## Registration of a Foreign Limited Liability Company

Filing Fee: \$125

CHECK ONLY ONE (1) BOX

(1)  Registration of a Foreign For-Profit Limited Liability Company  
 (106-LFA)  
 ORC 1705

Jurisdiction of Formation

Date of Formation

(2)  Registration of a Foreign Nonprofit Limited Liability Company  
 (106-LFA)  
 ORC 1705

Jurisdiction of Formation

Date of Formation

Name of Limited Liability Company in its jurisdiction of formation

Name under which the foreign limited liability company desires to transact business in Ohio (if different from its name in its jurisdiction of formation) is:

Name must include one of the following words or abbreviations: "limited liability company," "limited," "LLC," "L.L.C.," "Ltd.," or "Ltd"

The address to which interested persons may direct requests for copies of the limited liability company's operating agreement, bylaws, or other charter documents of the company is:

Name

Mailing Address

City State ZIP Code

The limited liability company hereby appoints the following as its agent upon whom process against the limited liability company may be served in the state of Ohio. The name and complete address of the agent is

CT Corporation System

Name

1300 East 9th Street

Mailing Address

Cleveland

City

Ohio

State

44114

ZIP Code

If the agent is an individual and using a P.O. Box, check this box to confirm that the agent is an Ohio resident.

The limited liability company irrevocably consents to service of process on the agent listed above as long as the authority of the agent continues, and to service of process upon the Ohio Secretary of State if:

- a. an agent is not appointed, or
- b. an agent is appointed but the authority of that agent has been revoked, or
- c. the agent cannot be found or served after the exercise of reasonable diligence.

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

**Required**

Must be signed by an authorized representative.

If authorized representative is an individual, then they must sign in the "signature" box and print their name in the "Print Name" box.

If authorized representative is a business entity, not an individual, then please print the business name in the "signature" box, an authorized representative of the business entity must sign in the "By" box and print their name in the "Print Name" box.

  
Signature

By (if applicable)

T. Brian Pollard  
Print Name Chief Executive Officer

Signature

By (if applicable)

Print Name

Signature

By (if applicable)


Print Name

786007

UNITED STATES OF AMERICA,  
STATE OF OHIO,  
OFFICE OF THE SECRETARY OF STATE

I, Jon Husted, Secretary of State of the State of Ohio, do hereby certify that the foregoing is a true and correct copy, consisting of 8 pages, as taken from the original record now in my official custody as Secretary of State.

WITNESS my hand and official seal at  
Columbus, Ohio, this 24<sup>TH</sup> day of  
SEPTEMBER, A.D. 2013



*[Signature]*

By \_\_\_\_\_  
Secretary of State

UNITED STATES OF AMERICA  
STATE OF OHIO  
OFFICE OF THE SECRETARY OF STATE

*I, Jon Husted, do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign business entities; that said records show LANCASTER POLLARD MORTGAGE COMPANY, LLC, a Delaware For Profit Limited Liability Company, Registration Number 786007, filed on December 12, 1990, is currently in FULL FORCE AND EFFECT upon the records of this office.*



*Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 27th day of September, A.D. 2013.*

*Jon Husted*

Ohio Secretary of State

Validation Number: 201327000389

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LANCASTER POLLARD MORTGAGE COMPANY, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-THIRD DAY OF SEPTEMBER, A.D. 2013.

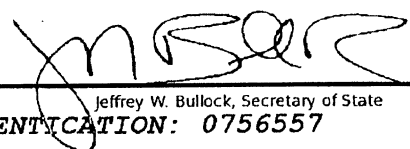
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

5402985 8300

131115882

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 0756557

DATE: 09-23-13



# Delaware

PAGE 1

*The First State*

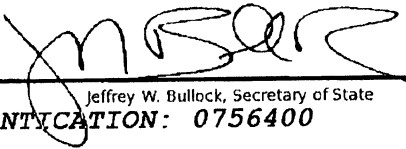
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF AN OHIO CORPORATION UNDER THE NAME OF "LANCASTER POLLARD MORTGAGE COMPANY" TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "LANCASTER POLLARD MORTGAGE COMPANY" TO "LANCASTER POLLARD MORTGAGE COMPANY, LLC", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF SEPTEMBER, A.D. 2013, AT 11:09 O'CLOCK A.M.



5402985 8100V

131115409

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 0756400

DATE: 09-23-13

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:35 AM 09/23/2013  
FILED 11:09 AM 09/23/2013  
SRV 131115409 - 5402985 FILE

**CERTIFICATE OF CONVERSION  
TO A LIMITED LIABILITY COMPANY  
OF  
LANCASTER POLLARD MORTGAGE COMPANY  
TO  
LANCASTER POLLARD MORTGAGE COMPANY, LLC**

*Pursuant to Section 18-214 of the Delaware Limited Liability Company Act*

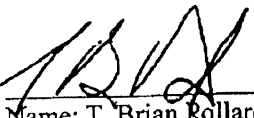
This Certificate of Conversion to a Limited Liability Company (this "Certificate") dated September 23, 2013, has been duly executed and is being filed by LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation (the "Company"), to convert the Company to LANCASTER POLLARD MORTGAGE COMPANY, LLC, a Delaware limited liability company, under the Delaware Limited Liability Company Act.

FIRST: The Company filed its original certificate of incorporation with the Secretary of State of the State of Ohio and was first incorporated on December 12, 1990, in the State of Ohio and continued to be incorporated in the State of Ohio immediately prior to the effectiveness of this Certificate.

SECOND: The name of the Company immediately prior to the filing of this Certificate is LANCASTER POLLARD MORTGAGE COMPANY.

THIRD: The name of the limited liability company into which the Company shall be converted, as set forth in its certificate of formation, is LANCASTER POLLARD MORTGAGE COMPANY, LLC.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate on the 23rd day of September, 2013.

By:   
Name: T. Brian Rollard  
Title: Authorized Person

# Delaware

PAGE 2

*The First State*


I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF CERTIFICATE OF FORMATION OF "LANCASTER POLLARD MORTGAGE COMPANY, LLC" FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF SEPTEMBER, A.D. 2013, AT 11:09 O'CLOCK A.M.



5402985 8100V

131115409

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State

AUTHENTICATION: 0756400

DATE: 09-23-13

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:35 AM 09/23/2013  
FILED 11:09 AM 09/23/2013  
SRV 131115409 - 5402985 FILE

**CERTIFICATE OF FORMATION**

**OF**

**LANCASTER POLLARD MORTGAGE COMPANY, LLC**

Pursuant to Section 18-201 of the Delaware Limited Liability Company Act (the "Act"), the undersigned, an authorized person for **LANCASTER POLLARD MORTGAGE COMPANY, LLC**, a Delaware limited liability company (the "Company"), does hereby certify as follows:

FIRST: The name of the Company is **LANCASTER POLLARD MORTGAGE COMPANY, LLC**.

SECOND: The address of the Company's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the Company's registered agent at such address is The Corporation Trust Company.

**IN WITNESS WHEREOF**, this Certificate of Formation has been executed by an authorized person this 23<sup>rd</sup> day of September, 2013.

By: 

Name: T. Brian Pollard

Title: Authorized Person

## DECLARATION OF CONVERSION

This DECLARATION OF CONVERSION (the "Declaration of Conversion") is made and entered into as of the 23rd day of September, 2013, by Lancaster Pollard Mortgage Company, an Ohio corporation ("LPM Co.").

WITNESSETH:

WHEREAS, LPM Co. is duly formed and existing under the laws of the State of Ohio, with its Articles of Incorporation being filed in the office of the Secretary of State of the State of Ohio on December 12, 1990; and

WHEREAS, the Board of Directors and sole shareholder of LPM Co. desire that LPM Co. convert from an Ohio corporation into Delaware limited liability company (the "Conversion"), pursuant to the respective provisions of Section 1701.792 of the Ohio Revised Code (the "ORC Provisions") and Section 18-214 of the Delaware Limited Liability Company Act (the "DE LLC Provisions"); and

WHEREAS, the Board of Directors and sole shareholder of LPM Co. have authorized and approved the conversion of the LPM Co. into "Lancaster Pollard Mortgage Company, LLC", a Delaware limited liability company, to be effective no later than December 31, 2013;

NOW, THEREFORE, it is agreed and stated as follows:

1. Address and Jurisdiction of Incorporation of LPM Co. The address of LPM Co. is 65 East State Street, Columbus, Ohio 43215. The jurisdiction of incorporation of LPM Co. is the State of Ohio and it is governed by the laws thereof.
2. Proposed Name, Address and Jurisdiction of Organization of LPM LLC. The proposed name of the converted entity is Lancaster Pollard Mortgage Company, LLC, which converted entity will be a Delaware limited liability company ("LPM LLC"). The address of LPM LLC will be 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215. The jurisdiction of organization of LPM LLC will be the State of Delaware and it shall be governed by the laws thereof.
3. Conversion. At the Effective Date (as defined below), LPM Co. shall be converted into LPM LLC in accordance with the ORC Provisions and the DE LLC Provisions, respectively (the "Conversion").
4. Effective Date. The effective date of the Conversion shall be such date following the date of adoption of this Declaration of Conversion as the Chief Executive Officer or the President of LPM Co. (the "Authorized Officers") may, in the discretion of such Authorized Officer, determine to be in the best interests of LPM Co., provided that such effective date shall not be later than December 31, 2013 (the "Effective Date"). The Effective Date of the Conversion shall be set forth in the respective forms of the Ohio Certificate of Conversion attached hereto as Exhibit A (the "OH Certificate of Conversion"), the Delaware Certificate of Conversion attached hereto as Exhibit B (the "DE Certificate of Conversion"), and the Delaware Certificate of Formation attached hereto as Exhibit C (the "Certificate of Formation"), each of which documents shall be executed by any one of the Authorized Officers and filed with the respective offices of the Secretary of State of the State of Ohio (the "OH Secretary of State") and

the Secretary of State of the State of Delaware (the "DE Secretary of State"), prior to the Effective Date.

5. Limited Liability Company Agreement. The Limited Liability Company Agreement of LPM LLC, in the form attached hereto as Exhibit D (the "Operating Agreement"), shall be the limited liability company agreement of LPM LLC as the converted entity.

6. Management of LPM LLC. The business and affairs of LPM LLC shall be managed by a board of managers of LPM LLC.

7. Effect of Conversion. At the Effective Date:

- (a) LPM Co. shall be converted into LPM LLC;
- (b) LPM LLC shall be subject to the jurisdiction of the State of Delaware and be governed by the laws thereof;
- (c) the Conversion of LPM Co. into LPM LLC shall be a continuation of the existence of LPM Co.;
- (d) without any further act or deed, the title to any real estate, or any interest in real estate, that was vested in LPM Co. and all other assets and property (and every interest therein) owned by LPM Co. shall be continued in LPM LLC without reversion or impairment;
- (e) without any further act or deed, the rights, privileges, immunities, powers, franchises and authority, whether of a private or public nature, of LPM Co. shall be continued in LPM LLC;
- (f) all obligations belonging or due to LPM Co. shall continue in LPM LLC;
- (g) all rights of creditors of LPM Co. shall be preserved unimpaired, and all liens upon the property of LPM Co. shall be preserved unimpaired, in each case in LPM LLC;
- (h) all proceedings pending against LPM Co. may be continued as if the Conversion had not occurred or LPM LLC may be substituted in the proceeding for LPM Co.;
- (i) the issued and outstanding common shares of LPM Co. shall be automatically converted into all of the membership interests in LPM LLC as set forth herein;
- (j) the sole member of LPM LLC shall remain liable for the debts, liabilities and obligations of LPM Co. to the extent but only to the extent, if any, that such person was personally liable as a shareholder of LPM Co. for such debts, liabilities and obligations prior to the Conversion; and
- (k) LPM Co. shall not wind up its affairs and the Conversion shall not be

deemed a dissolution of LPM Co.

8. Conversion of Common Shares of LPM Co. into Membership Interests in LPM LLC. At the Effective Date, by virtue of the Conversion, without any action on the part of the holder thereof, the issued and outstanding common shares of LPM Co. shall be immediately converted into all of the membership interests in LPM LLC. Following the Conversion, the members of LPM LLC shall have the rights and obligations as set forth in the Operating Agreement. Upon the surrender to LPM LLC of any certificate representing common shares of LPM Co., if any, the holder of such surrendered certificate shall have the right to receive, in exchange therefor, one or more certificates reflecting membership interests in LPM LLC.

9. Options, Warrants and Other Convertible Securities. LPM Co. represents and warrants that it has not issued, nor promised to issue, any option, warrant or other security convertible into capital stock of LPM Co.

10. Consents and Approvals. The consummation of the Conversion shall be subject to the obtaining of any and all consents and approvals that are necessary to effect the Conversion.

11. Termination or Abandonment. This Declaration of Conversion may be terminated and/or the Conversion abandoned at any time prior to the filing of the OH Certificate of Conversion, the DE Certificate of Conversion and the Certificate of Formation with the respective offices of the OH Secretary of State and the DE Secretary of State, by the action of the directors of LPM Co. In the event of termination of this Declaration of Conversion and/or abandonment of the Conversion, this Declaration of Conversion shall become void and of no further force and effect without liability on the part of any party hereto or such party's officers and agents.

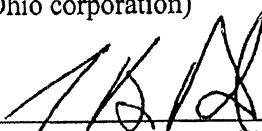
12. Service of Process on LPM Co. LPM Co. hereby irrevocably appoints the OH Secretary of State as its agent to accept service of process in any proceedings in the State of Ohio to enforce against LPM LLC any obligation of LPM Co. or to enforce the rights of any dissenting shareholder of LPM Co. The address of LPM LLC to which a copy of such process shall be mailed is 65 East State Street, Columbus, Ohio 43215.


13. Registration of LPM LLC to Conduct Business in the State of Ohio. Immediately following the Conversion, LPM LLC will file with the OH Secretary of State an Application for Registration to conduct business in the State of Ohio as a foreign limited liability company.

[Remainder of page intentionally left blank; signature on following page]

IN WITNESS WHEREOF, Lancaster Pollard Mortgage Company, an Ohio corporation, has caused this Declaration of Conversion to be executed by its duly authorized officers as of the day and year first written above.

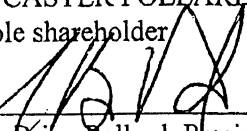
LANCASTER POLLARD MORTGAGE COMPANY  
(an Ohio corporation)

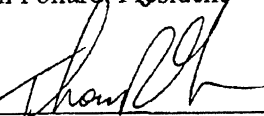
By:   
T. Brian Pollard, President

By:   
Thomas R. Green, Chief Executive Officer

ACKNOWLEDGED BY:

LANCASTER POLLARD HOLDINGS, INC.,  
its sole shareholder

By:   
T. Brian Pollard, President

By:   
Thomas R. Green, Chief Executive Officer



# **Exhibit B**

FHA FORM NO. 4116-D  
(CORPORATE)  
Revised March 1971

PALM TERRACE OF MATTOON  
COLES COUNTY, ILLINOIS

## MORTGAGE NOTE

Mattoon, Illinois  
as of April 1, 2013

\$4,673,000.00

FOR VALUE RECEIVED, the undersigned PETERSEN 23, LLC, an Illinois limited liability company promise(s) to pay to the order of LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, the principal sum of Four Million Six Hundred Seventy-Three Thousand and No/100 Dollars (\$4,673,000.00), with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid; the said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twenty-Three Thousand Ninety-Four and 48/100 Dollars (\$23,094.48) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of interest and principal shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal.

See Rider to Mortgage Note attached hereto and incorporated by reference herein.

Both principal and interest under this Note, as well as the additional payments set forth in the Mortgage of even date herewith securing this Note, shall be payable at the office of Lancaster Pollard Mortgage Company, 65 East State Street, 16th Floor in Columbus, Ohio 43215, or at such other place as the holder may from time to time designate in writing.

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full prior to maturity and while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.


~~No default shall exist by reason of nonpayment of any required installment of principal as long as the amount of optional additional prepayments of principal already made pursuant to the privilege of prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, notice of protest and notice of dishonor.

Signed and sealed this the 5 day of April, 2013, to be effective as of the date first set forth above.


**PETERSEN 23, LLC,**  
an Illinois limited liability company

Attest:

By:   
Mark B. Petersen, Manager

THIS IS TO CERTIFY, That this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in the City of Mattoon, County of Coles, and State of Illinois.

Dated 4-5, 2013.

  
Notary Public

[NOTORIAL SEAL]



My commission expires 11-23-14

STATE OF ILLINOIS  
Loan No. 072-22127

**Mortgage Note**

**PETERSEN 23, LLC**

**TO**

**LANCASTER POLLARD MORTGAGE  
COMPANY**

No. 072-22127

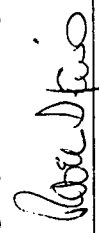
Insured under 232, pursuant to Section 223(f) of the National Housing Act and Regulations published thereunder

In effect on February 5, 2013

~~To the extent of advances approved by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner~~

By \_\_\_\_\_  
(Authorized Agent)

A total sum of \$4,673,000.00 has been approved for insurance hereunder by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner

By   
(Authorized Agent)

Date April 25, 2013

Reference is made to the Act and to the Regulations thereunder covering assignments of the insurance protection on this note.

4359-P Rev. 3/71 HUD-Wash., D.C.

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider") is attached to and made a part of the Mortgage Note (the "Note") from **PETERSEN 23, LLC**, an Illinois limited liability company (the "Maker"), to **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, dated as of April 1, 2013.

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after May 31, 2014 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from May 31, 2014 through May 30, 2015	9.0%
from May 31, 2015 through May 30, 2016	8.0%
from May 31, 2016 through May 30, 2017	7.0%
from May 31, 2017 through May 30, 2018	6.0%
from May 31, 2018 through May 30, 2019	5.0%
from May 31, 2019 through May 30, 2020	4.0%
from May 31, 2020 through May 30, 2021	3.0%
from May 31, 2021 through May 30, 2022	2.0%
from May 31, 2022 through May 30, 2023	1.0%
from May 31, 2023 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to May 31, 2022, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this note (the "Mortgage") of even date given by Maker to the holder of this Note to secure said indebtedness. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

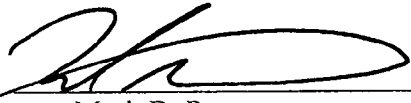
2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage of even date given to secure this Note. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto and the rents, issues and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date herewith given to further secure this Note between Maker and the holder hereof.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 23, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

**PALM TERRACE OF MATTOON**  
**FHA Project No. 072-22127**

**MODIFICATION OF MORTGAGE NOTE**

**Attached to and Incorporated into the  
Mortgage Note in the original principal amount  
of \$4,673,000.00, Executed and Delivered by  
PETERSEN 23, LLC, an Illinois limited liability company  
dated as of April 1, 2013**

**THIS MODIFICATION OF MORTGAGE NOTE** (this "Modification of Note") is made as of September 1, 2020, by and between **PETERSEN 23, LLC**, an Illinois limited liability company (hereinafter called "Maker"), and **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder"), and acknowledged by the **SECRETARY OF HOUSING AND URBAN DEVELOPMENT** ("HUD"). This Modification of Note is attached to and incorporated in that certain Mortgage Note dated as of April 1, 2013, executed and delivered by Maker to Holder (the "Note") in connection with the project known as Palm Terrace of Mattoon, FHA Project No. 072-22127 (the "Project").

FOR AND IN CONSIDERATION OF the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that, effective on the "Effective Date" (as hereinafter defined), the terms of the Note to which this Modification of Note is appended are hereby amended as set forth in the following paragraphs 1 through 3:

1. The obligation of Maker under the Note to make monthly payments of principal and/or interest is hereby amended (a) by replacing the phrase "with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid" located in the first sentence of the first paragraph of the Note with the phrase "with interest at the rate specified herein on the unpaid balance until paid"; and (b) by inserting in lieu of the text immediately following the above (which begins "the said principal and interest..." and concludes "... shall be applied on account of principal") the following:

"The said principal and interest shall be payable in monthly installments as follows:  
Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twenty-Three Thousand Ninety-Four and 48/100 Dollars (\$23,094.48) each, such payments to continue monthly thereafter on the first day of each succeeding month up to and including October 1, 2020. Commencing on November 1, 2020, monthly installments of interest and principal shall be due and payable in the sum of Twenty-One Thousand Nine

Hundred Seventy-Three and 29/100 Dollars (\$21,973.29) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of principal and interest shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum up to and including September 30, 2020, and thereafter at the rate of Two and 76/100 per centum (2.76%) per annum, upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal."

2. The Rider to Mortgage Note, attached to and made a part of the Note, is hereby deleted, and the Rider to Mortgage Note attached hereto, and dated as of even date herewith, is substituted therefore.

3. The Note is hereby amended so that all references to the "Mortgage" or "mortgage" contained in the Note shall be deemed to be references to the Mortgage securing the Note, as modified to date (if applicable) and as modified by that certain Modification Agreement of even date herewith by and between the Maker and Holder (the "Modification Agreement").

4. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, there are no counter-claims, defenses, or set-offs, whether legal or equitable, to Maker's obligations under the Note, as amended, and Maker hereby waives the right to raise or assert any such defenses, set-offs, or counter-claims, as well as any and all other claims, which Maker has, had, or may have had against Holder with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the Effective Date.

5. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, Maker is in compliance with all of Maker's obligations under the Note.

6. From and after the Effective Date, the Note, all amendments to date, and this Modification of Note shall be taken and read together as one, single and continuing instrument evidencing a single debt owed by the Maker to the Holder in the amount set forth in the Note, as may be unpaid from time to time. Nothing contained herein shall be taken or construed to create a novation or new agreement by and between the Maker and the Holder, it being the intention of the parties solely (a) to reduce the per annum rate of interest applicable under the Note, (b) to revise the amount of monthly installments of principal and interest payable thereunder as a result of such reduction in interest rate so as to reamortize in full the outstanding principal balance of the loan evidenced by the Note over the remaining term thereof, and (c) to modify the prepayment provisions and to amend references to the mortgage to be deemed references to the mortgage, as amended by the Modification Agreement, as reflected by this Modification of Note, and for no other purpose. Furthermore, nothing herein contained shall in any way impair the Note or the security now held for such indebtedness, or alter, waive, annul, vary, or affect any provision, condition, or covenant therein except as herein provided, nor affect or impair any rights, powers, or remedies of the Holder under the Note, it being the intent of the parties that the terms and provisions of the Note shall continue in full force and effect except as modified hereby.



7. Notwithstanding anything herein contained, if any one or more of the provisions of this Modification of Note shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Modification of Note, but this Modification of Note shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

8. Maker and Holder agree to execute such other documents as may be necessary to implement the terms and provisions of this Modification of Note, and the transaction evidenced hereby, including but not limited to the Modification Agreement.

9. Nothing herein shall waive, compromise, impair or prejudice any right that Holder or HUD may have to seek judicial recourse for any breach by Maker of any regulatory agreement between Maker and HUD that may have occurred prior to or may occur subsequent to the date of this Modification of Note. In the event that Holder or HUD initiates an action for breach of any regulatory agreement between Maker and HUD and recovers funds, either on behalf of Holder or HUD, or on behalf of the Project or Maker, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due under the Note, as amended hereby, and Mortgage, as amended by the Modification Agreement, or as a partial prepayment of the Loan.

10. This Modification of Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Maker and Holder acknowledge and agree that the terms of this Modification of Note are subject to and contingent upon the acknowledgement thereof by HUD, which shall be evidenced by the written acknowledgement on behalf of HUD affixed to this Modification of Note, and further acknowledge and agree that the terms of this Modification of Note and the Modification Agreement shall not be deemed effective unless and until (i) HUD executes the acknowledgement as aforesaid and (ii) the Modification Agreement is recorded (the date on which the Modification Agreement is so recorded is sometimes referred to herein as the "Effective Date").

12. This Modification of Note may be executed in counterparts (separate copies executed by fewer than all of the parties, but cumulatively containing original execution by all of the parties); such counterparts shall be construed together and shall constitute but one agreement.

**IN WITNESS WHEREOF**, Maker and Holder have executed this Modification of Note as of the date first set forth above.


*[Remainder of page intentionally left blank. Signature pages follow.]*

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**PALM TERRACE OF MATTOON**  
**FHA Project No. 072-22127**

**MAKER:**

**PETERSEN 23, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_


Mark B. Petersen, Manager

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**PALM TERRACE OF MATTOON  
FHA Project No. 072-22127**

**HOLDER:**

**ORIX REAL ESTATE CAPITAL, LLC,**  
a Delaware limited liability company,  
successor by merger to Lancaster Pollard Mortgage  
Company, LLC, a Delaware limited liability company,  
successor by conversion to Lancaster Pollard Mortgage  
Company, an Ohio corporation

By:   
Alison Lemle, Director

**ACKNOWLEDGEMENT TO MODIFICATION OF MORTGAGE NOTE**

**PALM TERRACE OF MATTOON  
FHA Project No. 072-22127**

**ACKNOWLEDGED BY HUD:**

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the Federal  
Housing Commissioner

By: 

Name: Jennifer S. Buhlman

Title: Authorized Agent

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider"), made as of September 1, 2020 is attached to and made a part of the Mortgage Note dated as of April 1, 2013, as modified by this Modification of Mortgage Note (the "Note"), from **PETERSEN 23, LLC**, An Illinois limited liability company (hereinafter called "Maker"), to **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder").

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after November 1, 2020 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from November 1, 2020 through October 31, 2021	10.0%
from November 1, 2021 through October 31, 2022	9.0%
from November 1, 2022 through October 31, 2023	8.0%
from November 1, 2023 through October 31, 2024	7.0%
from November 1, 2024 through October 31, 2025	6.0%
from November 1, 2025 through October 31, 2026	5.0%
from November 1, 2026 through October 31, 2027	4.0%
from November 1, 2027 through October 31, 2028	3.0%
from November 1, 2028 through October 31, 2029	2.0%
from November 1, 2029 through October 31, 2030	1.0%
from November 1, 2030 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to November 1, 2029, the indebtedness evidenced by this Note may be prepaid in whole or in part without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this Note (the "Mortgage," as modified by the Modification Agreement. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the

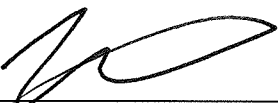
amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker hereof for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto, and the rents, issues, and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date with the Note given to further secure the Note.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 23, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_  
Mark B. Petersen, Manager

**MORTGAGE NOTE****\$3,824,000.00****Flora, Illinois  
as of April 1, 2013**

FOR VALUE RECEIVED, the undersigned **PETERSEN 26, LLC, an Illinois limited liability company** promise(s) to pay to the order of **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of **Ohio**, the principal sum of **Three Million Eight Hundred Twenty-Four Thousand and No/100** Dollars (**\$3,824,000.00**), with interest from date at the rate of **Three and 38/100** per centum (**3.38%**) per annum on the unpaid balance until paid; the said principal and interest shall be payable in monthly installments as follows:

**Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Eighteen Thousand Eight Hundred Ninety-Eight and 63/100 Dollars (\$18,898.63) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of interest and principal shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal.**

**See Rider to Mortgage Note attached hereto and incorporated by reference herein.**

Both principal and interest under this Note, as well as the additional payments set forth in the Mortgage of even date herewith securing this Note, shall be payable at the office of **Lancaster Pollard Mortgage Company, 65 East State Street, 16<sup>th</sup> Floor in Columbus, Ohio 43215**, or at such other place as the holder may from time to time designate in writing.

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full prior to maturity and while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.

~~No default shall exist by reason of nonpayment of any required installment of principal as long as the amount of optional additional prepayments of principal already made pursuant to the privilege of prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

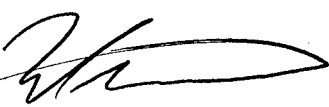


All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, notice of protest and notice of dishonor.

Signed and sealed this the 5<sup>th</sup> day of April, 2013, to be effective as of the date first set forth above.

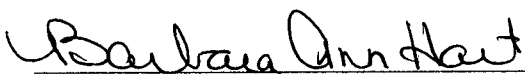
PETERSEN 26, LLC,  
an Illinois limited liability company

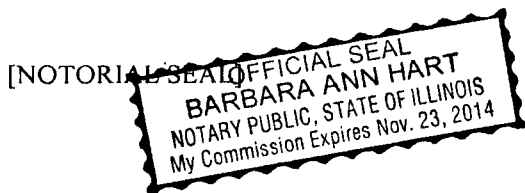
Attest:

By:   
Mark B. Petersen, Manager

THIS IS TO CERTIFY, That this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in the City of Flora, County of Clay, and State of Illinois.

Dated 45, 2013.

  
Notary Public



My commission expires 11-23-14

STATE OF ILLINOIS  
Loan No. 072-22124

Mortgage Note

PETERSEN 26, LLC

TO

LANCASTER POLLARD MORTGAGE  
COMPANY

No. 072-22124

Insured under 232, pursuant to Section 223(f) of the National Housing Act and Regulations published thereunder

In effect on February 5, 2013

~~To the extent of advances approved by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner~~

By \_\_\_\_\_  
(Authorized Agent)

A total sum of \$3,824,000.00 has been approved for insurance hereunder by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner

By   
(Authorized Agent)

Date April 25, 2013

Reference is made to the Act and to the Regulations thereunder covering assignments of the insurance protection on this note.

4359-P Rev. 3/71 HUD-Wash., D.C.

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider") is attached to and made a part of the Mortgage Note (the "Note") from **PETERSEN 26, LLC**, an Illinois limited liability company (the "Maker"), to **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, dated as of April 1, 2013.

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after May 31, 2014 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from May 31, 2014 through May 30, 2015	9.0%
from May 31, 2015 through May 30, 2016	8.0%
from May 31, 2016 through May 30, 2017	7.0%
from May 31, 2017 through May 30, 2018	6.0%
from May 31, 2018 through May 30, 2019	5.0%
from May 31, 2019 through May 30, 2020	4.0%
from May 31, 2020 through May 30, 2021	3.0%
from May 31, 2021 through May 30, 2022	2.0%
from May 31, 2022 through May 30, 2023	1.0%
from May 31, 2023 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to May 31, 2022, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this note (the "Mortgage") of even date given by Maker to the holder of this Note to secure said indebtedness. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.


3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid

hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage of even date given to secure this Note. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto and the rents, issues and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date herewith given to further secure this Note between Maker and the holder hereof.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 26, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_  
Mark B. Petersen,  
Manager

FLORA HEALTH CENTER  
FHA Project No. 072-22124

**MODIFICATION OF MORTGAGE NOTE**

**Attached to and Incorporated into the  
Mortgage Note in the original principal amount  
of \$3,824,000.00, Executed and Delivered by  
PETERSEN 26, LLC, an Illinois limited liability company  
dated as of April 1, 2013**

**THIS MODIFICATION OF MORTGAGE NOTE** (this "Modification of Note") is made as of September 1, 2020, by and between **PETERSEN 26, LLC**, an Illinois limited liability company (hereinafter called "Maker"), and **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder"), and acknowledged by the **SECRETARY OF HOUSING AND URBAN DEVELOPMENT** ("HUD"). This Modification of Note is attached to and incorporated in that certain Mortgage Note dated as of April 1, 2013, executed and delivered by Maker to Holder (the "Note") in connection with the project known as Flora Health Center, FHA Project No. 072-22124 (the "Project").

FOR AND IN CONSIDERATION OF the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that, effective on the "Effective Date" (as hereinafter defined), the terms of the Note to which this Modification of Note is appended are hereby amended as set forth in the following paragraphs 1 through 3:

1. The obligation of Maker under the Note to make monthly payments of principal and/or interest is hereby amended (a) by replacing the phrase "with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid" located in the first sentence of the first paragraph of the Note with the phrase "with interest at the rate specified herein on the unpaid balance until paid"; and (b) by inserting in lieu of the text immediately following the above (which begins "the said principal and interest..." and concludes "... shall be applied on account of principal") the following:

"The said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Eighteen Thousand Eight Hundred Ninety-Eight and 63/100 Dollars (\$18,898.63) each, such payments to continue monthly thereafter on the first day of each succeeding month up to and including October 1, 2020. Commencing on November 1, 2020, monthly installments of interest and principal shall be due and payable in the sum of Seventeen

Thousand Nine Hundred Eighty-One and 14/100 Dollars (\$17,981.14) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of principal and interest shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum up to and including September 30, 2020, and thereafter at the rate of Two and 76/100 per centum (2.76%) per annum, upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal."

2. The Rider to Mortgage Note, attached to and made a part of the Note, is hereby deleted, and the Rider to Mortgage Note attached hereto, and dated as of even date herewith, is substituted therefore.

3. The Note is hereby amended so that all references to the "Mortgage" or "mortgage" contained in the Note shall be deemed to be references to the Mortgage securing the Note, as modified to date (if applicable) and as modified by that certain Modification Agreement of even date herewith by and between the Maker and Holder (the "Modification Agreement").

4. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, there are no counter-claims, defenses, or set-offs, whether legal or equitable, to Maker's obligations under the Note, as amended, and Maker hereby waives the right to raise or assert any such defenses, set-offs, or counter-claims, as well as any and all other claims, which Maker has, had, or may have had against Holder with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the Effective Date.

5. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, Maker is in compliance with all of Maker's obligations under the Note.

6. From and after the Effective Date, the Note, all amendments to date, and this Modification of Note shall be taken and read together as one, single and continuing instrument evidencing a single debt owed by the Maker to the Holder in the amount set forth in the Note, as may be unpaid from time to time. Nothing contained herein shall be taken or construed to create a novation or new agreement by and between the Maker and the Holder, it being the intention of the parties solely (a) to reduce the per annum rate of interest applicable under the Note, (b) to revise the amount of monthly installments of principal and interest payable thereunder as a result of such reduction in interest rate so as to reamortize in full the outstanding principal balance of the loan evidenced by the Note over the remaining term thereof, and (c) to modify the prepayment provisions and to amend references to the mortgage to be deemed references to the mortgage, as amended by the Modification Agreement, as reflected by this Modification of Note, and for no other purpose. Furthermore, nothing herein contained shall in any way impair the Note or the security now held for such indebtedness, or alter, waive, annul, vary, or affect any provision, condition, or covenant therein except as herein provided, nor affect or impair any rights, powers, or remedies of the Holder under the Note, it being the intent of the parties that the terms and provisions of the Note shall continue in full force and effect except as modified hereby.

7. Notwithstanding anything herein contained, if any one or more of the provisions of this Modification of Note shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Modification of Note, but this Modification of Note shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

8. Maker and Holder agree to execute such other documents as may be necessary to implement the terms and provisions of this Modification of Note, and the transaction evidenced hereby, including but not limited to the Modification Agreement.

9. Nothing herein shall waive, compromise, impair or prejudice any right that Holder or HUD may have to seek judicial recourse for any breach by Maker of any regulatory agreement between Maker and HUD that may have occurred prior to or may occur subsequent to the date of this Modification of Note. In the event that Holder or HUD initiates an action for breach of any regulatory agreement between Maker and HUD and recovers funds, either on behalf of Holder or HUD, or on behalf of the Project or Maker, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due under the Note, as amended hereby, and Mortgage, as amended by the Modification Agreement, or as a partial prepayment of the Loan..

10. This Modification of Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Maker and Holder acknowledge and agree that the terms of this Modification of Note are subject to and contingent upon the acknowledgement thereof by HUD, which shall be evidenced by the written acknowledgement on behalf of HUD affixed to this Modification of Note, and further acknowledge and agree that the terms of this Modification of Note and the Modification Agreement shall not be deemed effective unless and until (i) HUD executes the acknowledgement as aforesaid and (ii) the Modification Agreement is recorded (the date on which the Modification Agreement is so recorded is sometimes referred to herein as the "Effective Date").

12. This Modification of Note may be executed in counterparts (separate copies executed by fewer than all of the parties, but cumulatively containing original execution by all of the parties); such counterparts shall be construed together and shall constitute but one agreement.

**IN WITNESS WHEREOF**, Maker and Holder have executed this Modification of Note as of the date first set forth above.

*[Remainder of page intentionally left blank. Signature pages follow.]*

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**FLORA HEALTH CENTER  
FHA Project No. 072-22124**

**MAKER:**

**PETERSEN 26, LLC,**  
an Illinois limited liability company

By:



Mark B. Petersen, Manager




**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**FLORA HEALTH CENTER  
FHA Project No. 072-22124**

**HOLDER:**

**ORIX REAL ESTATE CAPITAL, LLC,**  
a Delaware limited liability company,  
successor by merger to Lancaster Pollard Mortgage  
Company, LLC, a Delaware limited liability company,  
successor by conversion to Lancaster Pollard Mortgage  
Company, an Ohio corporation

By:   
Alison Lemle, Director

**ACKNOWLEDGEMENT TO MODIFICATION OF MORTGAGE NOTE**

**FLORA HEALTH CENTER  
FHA Project No. 072-22124**

**ACKNOWLEDGED BY HUD:**

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the Federal  
Housing Commissioner

By: Jennifer S. Buhlman

Name: Jennifer S. Buhlman

Title: Authorized Agent

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider"), made as of September 1, 2020 is attached to and made a part of the Mortgage Note dated as of April 1, 2013, as modified by this Modification of Mortgage Note (the "Note"), from **PETERSEN 26, LLC**, An Illinois limited liability company (hereinafter called "Maker"), to **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder").

1. Prepayment. (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after November 1, 2020 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from November 1, 2020 through October 31, 2021	10.0%
from November 1, 2021 through October 31, 2022	9.0%
from November 1, 2022 through October 31, 2023	8.0%
from November 1, 2023 through October 31, 2024	7.0%
from November 1, 2024 through October 31, 2025	6.0%
from November 1, 2025 through October 31, 2026	5.0%
from November 1, 2026 through October 31, 2027	4.0%
from November 1, 2027 through October 31, 2028	3.0%
from November 1, 2028 through October 31, 2029	2.0%
from November 1, 2029 through October 31, 2030	1.0%
from November 1, 2030 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to November 1, 2029, the indebtedness evidenced by this Note may be prepaid in whole or in part without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this Note (the "Mortgage", as modified by the Modification Agreement. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this

Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.


3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker hereof for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto, and the rents, issues, and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date with the Note given to further secure the Note.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 26, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_

  
Mark B. Petersen, Manager

FHA FORM NO. 4116-D  
(CORPORATE)  
Revised March 1971

TOULON REHAB & HEALTH CENTER  
STARK COUNTY, ILLINOIS

## MORTGAGE NOTE

**\$5,272,000.00**

**Toulon, Illinois  
as of April 1, 2013**

FOR VALUE RECEIVED, the undersigned PETERSEN 27, LLC, an Illinois limited liability company promise(s) to pay to the order of LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, the principal sum of Five Million Two Hundred Seventy-Two Thousand and No/100 Dollars (\$5,272,000.00), with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid; the said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twenty-Six Thousand Fifty-Four and 80/100 Dollars (\$26,054.80) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of interest and principal shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal.

See Rider to Mortgage Note attached hereto and incorporated by reference herein.

Both principal and interest under this Note, as well as the additional payments set forth in the Mortgage of even date herewith securing this Note, shall be payable at the office of Lancaster Pollard Mortgage Company, 65 East State Street, 16th Floor in Columbus, Ohio 43215, or at such other place as the holder may from time to time designate in writing.

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full prior to maturity and while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.

~~No default shall exist by reason of nonpayment of any required installment of principal as long as the amount of optional additional prepayments of principal already made pursuant to the privilege of prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, notice of protest and notice of dishonor.

Signed and sealed this the 5<sup>th</sup> day of April, 2013, to be effective as of the date first set forth above.

PETERSEN 27, LLC,  
an Illinois limited liability company

Attest:

By: [Signature]  
Mark B. Petersen, Manager

THIS IS TO CERTIFY, That this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in the City of Toulon, County of Stark, and State of Illinois.

Dated 4-5, 2013.

[Signature]  
Notary Public

[NOTORIAL SEAL]



My commission expires 11-23-14

STATE OF ILLINOIS  
Loan No. 071-22262

**Mortgage Note**

PETERSEN 27, LLC

TO

LANCASTER POLLARD MORTGAGE  
COMPANY

No. 071-22262

Insured under 232, pursuant to Section 223(f) of the  
National Housing Act and Regulations published thereunder

In effect on February 5, 2013

To the extent of advances approved by the Secretary of  
Housing and Urban Development acting by and through the Federal  
Housing Commissioner

By [Signature]  
(Authorized Agent)

A total sum of \$5,272,000.00 has been approved for  
insurance hereunder by the Secretary of Housing and Urban  
Development acting by and through the Federal Housing  
Commissioner

By [Signature]  
(Authorized Agent)

Date April 25, 2013

Reference is made to the Act and to the Regulations  
thereunder covering assignments of the insurance protection on this  
note.

4359-P Rev. 3/71 HUD-Wash., D.C.

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider") is attached to and made a part of the Mortgage Note (the "Note") from **PETERSEN 27, LLC**, an Illinois limited liability company (the "Maker"), to **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, dated as of April 1, 2013.

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after May 31, 2014 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from May 31, 2014 through May 30, 2015	9.0%
from May 31, 2015 through May 30, 2016	8.0%
from May 31, 2016 through May 30, 2017	7.0%
from May 31, 2017 through May 30, 2018	6.0%
from May 31, 2018 through May 30, 2019	5.0%
from May 31, 2019 through May 30, 2020	4.0%
from May 31, 2020 through May 30, 2021	3.0%
from May 31, 2021 through May 30, 2022	2.0%
from May 31, 2022 through May 30, 2023	1.0%
from May 31, 2023 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to May 31, 2022, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:



(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this note (the "Mortgage") of even date given by Maker to the holder of this Note to secure said indebtedness. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid

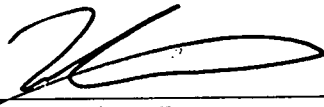
hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage of even date given to secure this Note. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto and the rents, issues and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date herewith given to further secure this Note between Maker and the holder hereof.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 27, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



Mark B. Petersen,  
Manager

**TOULON REHAB & HEALTH CENTER**  
**FHA Project No. 071-22262**

**MODIFICATION OF MORTGAGE NOTE**

**Attached to and Incorporated into the  
Mortgage Note in the original principal amount  
of \$5,272,000.00, Executed and Delivered by  
PETERSEN 27, LLC, an Illinois limited liability company  
dated as of April 1, 2013**

**THIS MODIFICATION OF MORTGAGE NOTE** (this "Modification of Note") is made as of September 1, 2020, by and between **PETERSEN 27, LLC**, an Illinois limited liability company (hereinafter called "Maker"), and **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder"), and acknowledged by the **SECRETARY OF HOUSING AND URBAN DEVELOPMENT** ("HUD"). This Modification of Note is attached to and incorporated in that certain Mortgage Note dated as of April 1, 2013, executed and delivered by Maker to Holder (the "Note") in connection with the project known as Toulon Rehab & Health Center, FHA Project No. 071-22262 (the "Project").

FOR AND IN CONSIDERATION OF the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that, effective on the "Effective Date" (as hereinafter defined), the terms of the Note to which this Modification of Note is appended are hereby amended as set forth in the following paragraphs 1 through 3:

1. The obligation of Maker under the Note to make monthly payments of principal and/or interest is hereby amended (a) by replacing the phrase "with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid" located in the first sentence of the first paragraph of the Note with the phrase "with interest at the rate specified herein on the unpaid balance until paid"; and (b) by inserting in lieu of the text immediately following the above (which begins "the said principal and interest..." and concludes "... shall be applied on account of principal") the following:

"The said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twenty-Six Thousand Fifty-Four and 80/100 Dollars (\$26,054.80) each, such payments to continue monthly thereafter on the first day of each succeeding month up to and including October 1, 2020. Commencing on November 1, 2020, monthly installments of interest and principal shall be due and payable in the sum of Twenty-Four Thousand

Seven Hundred Eighty-Nine and 90/100 Dollars (\$24,789.90) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of principal and interest shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum up to and including September 30, 2020, and thereafter at the rate of Two and 76/100 per centum (2.76%) per annum, upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal."

2. The Rider to Mortgage Note, attached to and made a part of the Note, is hereby deleted, and the Rider to Mortgage Note attached hereto, and dated as of even date herewith, is substituted therefore.

3. The Note is hereby amended so that all references to the "Mortgage" or "mortgage" contained in the Note shall be deemed to be references to the Mortgage securing the Note, as modified to date (if applicable) and as modified by that certain Modification Agreement of even date herewith by and between the Maker and Holder (the "Modification Agreement").

4. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, there are no counter-claims, defenses, or set-offs, whether legal or equitable, to Maker's obligations under the Note, as amended, and Maker hereby waives the right to raise or assert any such defenses, set-offs, or counter-claims, as well as any and all other claims, which Maker has, had, or may have had against Holder with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the Effective Date.

5. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, Maker is in compliance with all of Maker's obligations under the Note.

6. From and after the Effective Date, the Note, all amendments to date, and this Modification of Note shall be taken and read together as one, single and continuing instrument evidencing a single debt owed by the Maker to the Holder in the amount set forth in the Note, as may be unpaid from time to time. Nothing contained herein shall be taken or construed to create a novation or new agreement by and between the Maker and the Holder, it being the intention of the parties solely (a) to reduce the per annum rate of interest applicable under the Note, (b) to revise the amount of monthly installments of principal and interest payable thereunder as a result of such reduction in interest rate so as to reamortize in full the outstanding principal balance of the loan evidenced by the Note over the remaining term thereof, and (c) to modify the prepayment provisions and to amend references to the mortgage to be deemed references to the mortgage, as amended by the Modification Agreement, as reflected by this Modification of Note, and for no other purpose. Furthermore, nothing herein contained shall in any way impair the Note or the security now held for such indebtedness, or alter, waive, annul, vary, or affect any provision, condition, or covenant therein except as herein provided, nor affect or impair any rights, powers, or remedies of the Holder under the Note, it being the intent of the parties that the terms and provisions of the Note shall continue in full force and effect except as modified hereby.

7. Notwithstanding anything herein contained, if any one or more of the provisions of this Modification of Note shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Modification of Note, but this Modification of Note shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

8. Maker and Holder agree to execute such other documents as may be necessary to implement the terms and provisions of this Modification of Note, and the transaction evidenced hereby, including but not limited to the Modification Agreement.

9. Nothing herein shall waive, compromise, impair or prejudice any right that Holder or HUD may have to seek judicial recourse for any breach by Maker of any regulatory agreement between Maker and HUD that may have occurred prior to or may occur subsequent to the date of this Modification of Note. In the event that Holder or HUD initiates an action for breach of any regulatory agreement between Maker and HUD and recovers funds, either on behalf of Holder or HUD, or on behalf of the Project or Maker, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due under the Note, as amended hereby, and Mortgage, as amended by the Modification Agreement, or as a partial prepayment of the Loan.

10. This Modification of Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Maker and Holder acknowledge and agree that the terms of this Modification of Note are subject to and contingent upon the acknowledgement thereof by HUD, which shall be evidenced by the written acknowledgement on behalf of HUD affixed to this Modification of Note, and further acknowledge and agree that the terms of this Modification of Note and the Modification Agreement shall not be deemed effective unless and until (i) HUD executes the acknowledgement as aforesaid and (ii) the Modification Agreement is recorded (the date on which the Modification Agreement is so recorded is sometimes referred to herein as the "Effective Date").

12. This Modification of Note may be executed in counterparts (separate copies executed by fewer than all of the parties, but cumulatively containing original execution by all of the parties); such counterparts shall be construed together and shall constitute but one agreement.

**IN WITNESS WHEREOF**, Maker and Holder have executed this Modification of Note as of the date first set forth above.

*[Remainder of page intentionally left blank. Signature pages follow.]*

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**TOULON REHAB & HEALTH CENTER**  
**FHA Project No. 071-22262**

**MAKER:**

**PETERSEN 27, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



Mark B. Petersen, Manager

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**TOULON REHAB & HEALTH CENTER**  
**FHA Project No. 071-22262**

**HOLDER:**

**ORIX REAL ESTATE CAPITAL, LLC,**  
a Delaware limited liability company,  
successor by merger to Lancaster Pollard Mortgage  
Company, LLC, a Delaware limited liability company,  
successor by conversion to Lancaster Pollard Mortgage  
Company, an Ohio corporation

By:   
Alison Lemle, Director

**ACKNOWLEDGEMENT TO MODIFICATION OF MORTGAGE NOTE**

**TOULON REHAB & HEALTH CENTER  
FHA Project No. 071-22262**

**ACKNOWLEDGED BY HUD:**

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the Federal  
Housing Commissioner

By: Jennifer S. Buhlman  
Name: Jennifer S. Buhlman  
Title: Authorized Agent



**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider"), made as of September 1, 2020 is attached to and made a part of the Mortgage Note dated as of April 1, 2013, as modified by this Modification of Mortgage Note (the "Note"), from **PETERSEN 27, LLC**, An Illinois limited liability company (hereinafter called "Maker"), to **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder").

1. Prepayment. (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after November 1, 2020 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from November 1, 2020 through October 31, 2021	10.0%
from November 1, 2021 through October 31, 2022	9.0%
from November 1, 2022 through October 31, 2023	8.0%
from November 1, 2023 through October 31, 2024	7.0%
from November 1, 2024 through October 31, 2025	6.0%
from November 1, 2025 through October 31, 2026	5.0%
from November 1, 2026 through October 31, 2027	4.0%
from November 1, 2027 through October 31, 2028	3.0%
from November 1, 2028 through October 31, 2029	2.0%
from November 1, 2029 through October 31, 2030	1.0%
from November 1, 2030 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to November 1, 2029, the indebtedness evidenced by this Note may be prepaid in whole or in part without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this Note (the "Mortgage," as modified by the Modification Agreement. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this

Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker hereof for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto, and the rents, issues, and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date with the Note given to further secure the Note.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 27, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



Mark B. Petersen, Manager

FHA-FORM NO. 4116-D  
(CORPORATE)  
Revised March 1971

MT. VERNON HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

## MORTGAGE NOTE

**\$2,146,000.00**

**Mt. Vernon, Illinois  
as of April 1, 2013**

FOR VALUE RECEIVED, the undersigned PETERSEN 29, LLC, an Illinois limited liability company promise(s) to pay to the order of LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, the principal sum of Two Million One Hundred Forty-Six Thousand and No/100 Dollars (\$2,146,000.00), with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid; the said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Ten Thousand Six Hundred Five and 77/100 Dollars (\$10,605.77) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of interest and principal shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal.

See Rider to Mortgage Note attached hereto and incorporated by reference herein.

Both principal and interest under this Note, as well as the additional payments set forth in the Mortgage of even date herewith securing this Note, shall be payable at the office of **Lancaster Pollard Mortgage Company, 65 East State Street, 16th Floor in Columbus, Ohio 43215**, or at such other place as the holder may from time to time designate in writing.

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full prior to maturity and while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.

~~No default shall exist by reason of nonpayment of any required installment of principal as long as the amount of optional additional prepayments of principal already made pursuant to the privilege of prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, notice of protest and notice of dishonor.

Signed and sealed this the 5 day of April, 2013, to be effective as of the date first set forth above.

**PETERSEN 29, LLC,**  
an Illinois limited liability company

Attest:

By: [Signature]  
Mark B. Petersen, Manager

THIS IS TO CERTIFY, That this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in the City of Mt. Vernon, County of Jefferson, and State of Illinois.

Dated 4-5, 2013.

[Signature]  
Notary Public

[NOTORIAL SEAL]



My commission expires 11-23-14

STATE OF ILLINOIS  
Loan No. 072-22123

**Mortgage Note**

**PETERSEN 29, LLC  
TO  
LANCASTER POLLARD MORTGAGE  
COMPANY**

No. 072-22123  
Insured under 232, pursuant to Section 223(f) of the  
National Housing Act and Regulations published thereunder

In effect on February 5, 2013

~~To the extent of advances approved by the Secretary of  
Housing and Urban Development acting by and through the Federal  
Housing Commissioner~~

By [Signature]  
(Authorized Agent)

A total sum of \$2,146,000.00 has been approved for  
insurance hereunder by the Secretary of Housing and Urban  
Development acting by and through the Federal Housing  
Commissioner

By [Signature]  
(Authorized Agent)

Date April 25, 2013

Reference is made to the Act and to the Regulations  
thereunder covering assignments of the insurance protection on this  
note.

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider") is attached to and made a part of the Mortgage Note (the "Note") from PETERSEN 29, LLC, an Illinois limited liability company (the "Maker"), to LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation, dated as of April 1, 2013.

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after May 31, 2014 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from May 31, 2014 through May 30, 2015	9.0%
from May 31, 2015 through May 30, 2016	8.0%
from May 31, 2016 through May 30, 2017	7.0%
from May 31, 2017 through May 30, 2018	6.0%
from May 31, 2018 through May 30, 2019	5.0%
from May 31, 2019 through May 30, 2020	4.0%
from May 31, 2020 through May 30, 2021	3.0%
from May 31, 2021 through May 30, 2022	2.0%
from May 31, 2022 through May 30, 2023	1.0%
from May 31, 2023 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to May 31, 2022, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this note (the "Mortgage") of even date given by Maker to the holder of this Note to secure said indebtedness. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid

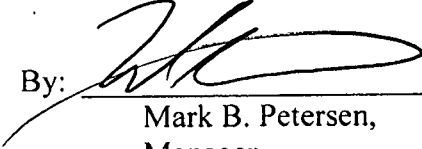
hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage of even date given to secure this Note. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto and the rents, issues and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date herewith given to further secure this Note between Maker and the holder hereof.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 29, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_

  
Mark B. Petersen,  
Manager



FHA FORM NO. 4116-D  
(CORPORATE)  
Revised March 1971

WHITE OAK REHAB & HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

## MORTGAGE NOTE

Mt. Vernon, Illinois  
as of April 1, 2013

\$2,497,000.00

FOR VALUE RECEIVED, the undersigned PETERSEN 30, LLC, an Illinois limited liability company promise(s) to pay to the order of LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, the principal sum of Two Million Four Hundred Ninety-Seven Thousand and No/100 Dollars (\$2,497,000.00), with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid; the said principal and interest shall be payable in monthly installments as follows:

Interest only payable on the first day of May 1, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twelve Thousand Three Hundred Forty and 45/100 Dollars (\$12,340.45) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of interest and principal shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal.

See Rider to Mortgage Note attached hereto and incorporated by reference herein.

Both principal and interest under this Note, as well as the additional payments set forth in the Mortgage of even date herewith securing this Note, shall be payable at the office of **Lancaster Pollard Mortgage Company, 65 East State Street, 16<sup>th</sup> Floor in Columbus, Ohio 43215**, or at such other place as the holder may from time to time designate in writing.

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full prior to maturity and while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.

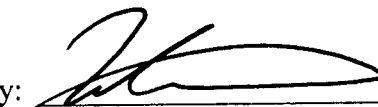
~~No default shall exist by reason of nonpayment of any required installment of principal as long as the amount of optional additional prepayments of principal already made pursuant to the privilege of prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, notice of protest and notice of dishonor.

Signed and sealed this the \_\_\_\_\_ day of \_\_\_\_\_, 2013, to be effective as of the date first set forth above.

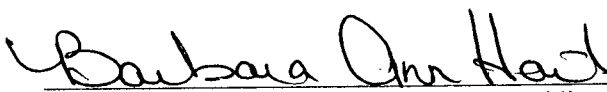
PETERSEN 30, LLC,  
an Illinois limited liability company

Attest:

By:   
Mark B. Petersen, Manager

THIS IS TO CERTIFY, That this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in the City of Mt. Vernon, County of Jefferson, and State of Illinois.

Dated 4-5, 2013.

  
Notary Public



My commission expires 11-23-14

STATE OF ILLINOIS  
Loan No. 072-22125

Mortgage Note

PETERSEN 30, LLC  
TO  
LANCASTER POLLARD MORTGAGE  
COMPANY

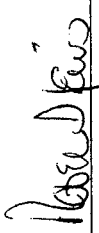
No. 072-22125  
Insured under 232, pursuant to Section 223(f) of the  
National Housing Act and Regulations published thereunder

In effect on February 5, 2013

To the extent of advances approved by the Secretary of  
Housing and Urban Development acting by and through the Federal  
Housing Commissioner

By \_\_\_\_\_  
(Authorized Agent)

A total sum of \$2,497,000.00 has been approved for  
insurance hereunder by the Secretary of Housing and Urban  
Development acting by and through the Federal Housing  
Commissioner

By   
(Authorized Agent)

Date April 25, 2013

Reference is made to the Act and to the Regulations  
thereunder covering assignments of the insurance protection on this  
note.

4359-P Rev. 3/71 HUD-Wash., D.C.

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider") is attached to and made a part of the Mortgage Note (the "Note") from **PETERSEN 30, LLC**, an Illinois limited liability company (the "Maker"), to **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, dated as of April 1, 2013.

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after May 31, 2014 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from May 31, 2014 through May 30, 2015	9.0%
from May 31, 2015 through May 30, 2016	8.0%
from May 31, 2016 through May 30, 2017	7.0%
from May 31, 2017 through May 30, 2018	6.0%
from May 31, 2018 through May 30, 2019	5.0%
from May 31, 2019 through May 30, 2020	4.0%
from May 31, 2020 through May 30, 2021	3.0%
from May 31, 2021 through May 30, 2022	2.0%
from May 31, 2022 through May 30, 2023	1.0%
from May 31, 2023 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to May 31, 2022, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this note (the "Mortgage") of even date given by Maker to the holder of this Note to secure said indebtedness. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

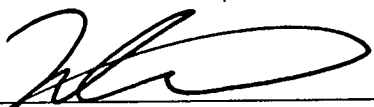
2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage of even date given to secure this Note. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto and the rents, issues and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date herewith given to further secure this Note between Maker and the holder hereof.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 30, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

**WHITE OAK REHAB & HEALTH CENTER**  
**FHA Project No. 072-22125**

**MODIFICATION OF MORTGAGE NOTE**

**Attached to and Incorporated into the  
Mortgage Note in the original principal amount  
of \$2,497,000.00, Executed and Delivered by  
PETERSEN 30, LLC, an Illinois limited liability company  
dated as of April 1, 2013**

**THIS MODIFICATION OF MORTGAGE NOTE** (this "Modification of Note") is made as of September 1, 2020, by and between **PETERSEN 30, LLC**, an Illinois limited liability company (hereinafter called "Maker"), and **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder"), and acknowledged by the **SECRETARY OF HOUSING AND URBAN DEVELOPMENT** ("HUD"). This Modification of Note is attached to and incorporated in that certain Mortgage Note dated as of April 1, 2013, executed and delivered by Maker to Holder (the "Note") in connection with the project known as White Oak Rehab & Health Center, FHA Project No. 072-22125 (the "Project").

FOR AND IN CONSIDERATION OF the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that, effective on the "Effective Date" (as hereinafter defined), the terms of the Note to which this Modification of Note is appended are hereby amended as set forth in the following paragraphs 1 through 3:

1. The obligation of Maker under the Note to make monthly payments of principal and/or interest is hereby amended (a) by replacing the phrase "with interest from date at the rate of Three and 38/100 per centum (3.38%) per annum on the unpaid balance until paid" located in the first sentence of the first paragraph of the Note with the phrase "with interest at the rate specified herein on the unpaid balance until paid"; and (b) by inserting in lieu of the text immediately following the above (which begins "the said principal and interest . . ." and concludes ". . . shall be applied on account of principal") the following:

"The said principal and interest shall be payable in monthly installments as follows:  
Interest only payable on the first day of May, 2013. Commencing on the first day of June, 2013, monthly installments of interest and principal shall be paid in the sum of Twelve Thousand Three Hundred Forty and 45/100 Dollars (\$12,340.45) each, such payments to continue monthly thereafter on the first day of each succeeding month up to and including October 1, 2020. Commencing on November 1, 2020, monthly installments of interest and principal shall be due and payable in the sum of Eleven

Thousand Seven Hundred Forty-One and 35/100 Dollars (\$11,741.35) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid in full. In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on May 1, 2038. The installments of principal and interest shall be applied first to interest at the rate of Three and 38/100 per centum (3.38%) per annum up to and including September 30, 2020, and thereafter at the rate of Two and 76/100 per centum (2.76%) per annum, upon the principal sum or so much thereof as shall from time to time remain unpaid and the balance thereof shall be applied on account of principal."

2. The Rider to Mortgage Note, attached to and made a part of the Note, is hereby deleted, and the Rider to Mortgage Note attached hereto, and dated as of even date herewith, is substituted therefore.

3. The Note is hereby amended so that all references to the "Mortgage" or "mortgage" contained in the Note shall be deemed to be references to the Mortgage securing the Note, as modified to date (if applicable) and as modified by that certain Modification Agreement of even date herewith by and between the Maker and Holder (the "Modification Agreement").

4. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, there are no counter-claims, defenses, or set-offs, whether legal or equitable, to Maker's obligations under the Note, as amended, and Maker hereby waives the right to raise or assert any such defenses, set-offs, or counter-claims, as well as any and all other claims, which Maker has, had, or may have had against Holder with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the Effective Date.

5. Maker hereby acknowledges and affirms to the Holder that, as of the Effective Date, Maker is in compliance with all of Maker's obligations under the Note.

6. From and after the Effective Date, the Note, all amendments to date, and this Modification of Note shall be taken and read together as one, single and continuing instrument evidencing a single debt owed by the Maker to the Holder in the amount set forth in the Note, as may be unpaid from time to time. Nothing contained herein shall be taken or construed to create a novation or new agreement by and between the Maker and the Holder, it being the intention of the parties solely (a) to reduce the per annum rate of interest applicable under the Note, (b) to revise the amount of monthly installments of principal and interest payable thereunder as a result of such reduction in interest rate so as to reamortize in full the outstanding principal balance of the loan evidenced by the Note over the remaining term thereof, and (c) to modify the prepayment provisions and to amend references to the mortgage to be deemed references to the mortgage, as amended by the Modification Agreement, as reflected by this Modification of Note, and for no other purpose. Furthermore, nothing herein contained shall in any way impair the Note or the security now held for such indebtedness, or alter, waive, annul, vary, or affect any provision, condition, or covenant therein except as herein provided, nor affect or impair any rights, powers, or remedies of the Holder under the Note, it being the intent of the parties that the terms and provisions of the Note shall continue in full force and effect except as modified hereby.

7. Notwithstanding anything herein contained, if any one or more of the provisions of this Modification of Note shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Modification of Note, but this Modification of Note shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

8. Maker and Holder agree to execute such other documents as may be necessary to implement the terms and provisions of this Modification of Note, and the transaction evidenced hereby, including but not limited to the Modification Agreement.

9. Nothing herein shall waive, compromise, impair or prejudice any right that Holder or HUD may have to seek judicial recourse for any breach by Maker of any regulatory agreement between Maker and HUD that may have occurred prior to or may occur subsequent to the date of this Modification of Note. In the event that Holder or HUD initiates an action for breach of any regulatory agreement between Maker and HUD and recovers funds, either on behalf of Holder or HUD, or on behalf of the Project or Maker, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due under the Note, as amended hereby, and Mortgage, as amended by the Modification Agreement, or as a partial prepayment of the Loan.

10. This Modification of Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Maker and Holder acknowledge and agree that the terms of this Modification of Note are subject to and contingent upon the acknowledgement thereof by HUD, which shall be evidenced by the written acknowledgement on behalf of HUD affixed to this Modification of Note, and further acknowledge and agree that the terms of this Modification of Note and the Modification Agreement shall not be deemed effective unless and until (i) HUD executes the acknowledgement as aforesaid and (ii) the Modification Agreement is recorded (the date on which the Modification Agreement is so recorded is sometimes referred to herein as the "Effective Date").

12. This Modification of Note may be executed in counterparts (separate copies executed by fewer than all of the parties, but cumulatively containing original execution by all of the parties); such counterparts shall be construed together and shall constitute but one agreement.

**IN WITNESS WHEREOF**, Maker and Holder have executed this Modification of Note as of the date first set forth above.

*[Remainder of page intentionally left blank. Signature pages follow.]*




**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**WHITE OAK REHAB & HEALTH CENTER**  
**FHA Project No. 072-22125**

**MAKER:**

**PETERSEN 30, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_

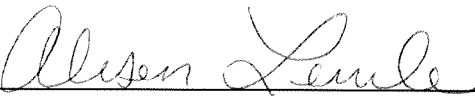
Mark B. Petersen, Manager

**COUNTERPART SIGNATURE PAGE TO MODIFICATION OF MORTGAGE NOTE**

**WHITE OAK REHAB & HEALTH CENTER**  
FHA Project No. 072-22125

**HOLDER:**

**ORIX REAL ESTATE CAPITAL, LLC,**  
a Delaware limited liability company,  
successor by merger to Lancaster Pollard Mortgage  
Company, LLC, a Delaware limited liability company,  
successor by conversion to Lancaster Pollard Mortgage  
Company, an Ohio corporation

By:   
Alison Lemle, Director

**ACKNOWLEDGEMENT TO MODIFICATION OF MORTGAGE NOTE**

**WHITE OAK REHAB & HEALTH CENTER**  
**FHA Project No. 072-22125**

**ACKNOWLEDGED BY HUD:**

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the Federal  
Housing Commissioner

By: Jennifer S. Buhlman  
Name: Jennifer S. Buhlman  
Title: Authorized Agent

**RIDER TO MORTGAGE NOTE**

This Rider to Mortgage Note (this "Rider"), made as of September 1, 2020 is attached to and made a part of the Mortgage Note dated as of April 1, 2013, as modified by this Modification of Mortgage Note (the "Note"), from **PETERSEN 30, LLC**, An Illinois limited liability company (hereinafter called "Maker"), to **ORIX REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, successor by merger to Lancaster Pollard Mortgage Company, LLC, a Delaware limited liability company, successor by conversion to Lancaster Pollard Mortgage Company, a corporation organized and existing under the laws of Ohio (hereinafter called "Holder").

1. **Prepayment.** (a) Except as hereinafter set forth, Maker shall not have the right to prepay the indebtedness evidenced hereby in whole or in part at any time. Maker shall have the right, on or after November 1, 2020 (the "Lockout Termination Date") to prepay the indebtedness evidenced hereby in whole or in part on the last business day of any calendar month on or after such date during the term hereof upon at least thirty (30) days prior written notice to the holder of this Note, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. Such total amount shall include interest accrued through and including the last day of the month in which the prepayment is made. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Maker shall concurrently pay to the holder of this Note (i) interest on the amount prepaid through and including the last day of the month in which the prepayment is made and (ii) a prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
from November 1, 2020 through October 31, 2021	10.0%
from November 1, 2021 through October 31, 2022	9.0%
from November 1, 2022 through October 31, 2023	8.0%
from November 1, 2023 through October 31, 2024	7.0%
from November 1, 2024 through October 31, 2025	6.0%
from November 1, 2025 through October 31, 2026	5.0%
from November 1, 2026 through October 31, 2027	4.0%
from November 1, 2027 through October 31, 2028	3.0%
from November 1, 2028 through October 31, 2029	2.0%
from November 1, 2029 through October 31, 2030	1.0%
from November 1, 2030 and thereafter	0.0%

Notwithstanding any partial prepayment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the holder of this Note (which consent such holder shall have no obligation to give), the Maker shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to November 1, 2029, the indebtedness evidenced by this Note may be prepaid in whole or in part without the consent of the holder of this Note and without prepayment premium if the Federal Housing Commissioner (the "Commissioner") determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the Federal Government. The holder of this Note understands that the Commissioner would consider exercising its right to override the prepayment prohibition and/or prepayment premium contained herein only upon satisfaction of all of the following terms and conditions:

(i) Maker has defaulted under this Note and the Commissioner has received notice of such default, as required by 24 C.F.R. §207.256;

(ii) The Commissioner determines that the project financed with the proceeds of this Note has been experiencing a net income deficiency, which has not been caused solely by management inadequacy or lack of interest by Maker, and which is of such magnitude that Maker is currently unable to make required debt service payments, pay all project operating expenses and fund all required HUD reserves;

(iii) The Commissioner finds there is reasonable likelihood that Maker can arrange to refinance the loan evidenced by this Note at a lower interest rate or otherwise reduce the debt service payments through partial prepayment; and

(iv) The Commissioner determines that refinancing the loan evidenced by this Note at a lower rate or partial prepayment is necessary to restore the said project to a financially viable condition and to avoid an insurance claim.

(c) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, with respect to any prepayment which is made by or on behalf of the Maker from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which, at the option of the holder of this Note, may be applied to reduce the indebtedness of Maker evidenced hereby pursuant to the terms and provisions of the security instrument securing this Note (the "Mortgage," as modified by the Modification Agreement. Any prepayment made pursuant to this Paragraph 1(c) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

(d) Notwithstanding the provisions of Paragraph 1(a) above, the provisions of Paragraph 1(a) shall not apply, and no prepayment premium shall be collected by the holder of this Note, in the event that the maximum principal amount of this Note is reduced (or a partial prepayment is made) solely as the result of a mortgage reduction (or a partial prepayment) required by the Commissioner based upon any cost certification or other report required to be provided by the Maker to the Commissioner subsequent to the date hereof. Any prepayment made pursuant to this Paragraph 1(d) shall be deemed to have been made on the last day of the month in which such payment is received by holder and shall include interest on the amount prepaid through and including the last day of the month in which the prepayment is made.

2. Late Charges. In the event any installment or part of any installment due under this Note becomes delinquent for more than fifteen (15) days, there shall be due, at the option of the holder of this

Note, in addition to other sums due hereunder, a late charge in an amount equal to two percent (2%) of the amount of principal and/or interest so delinquent. Whenever, under the law of the jurisdiction where the property is located, the amount of any such late charge is considered to be additional interest, this provision shall not be effective if the rate of interest specified in this Note, together with the amount of the late charge, would aggregate an amount in excess of the maximum rate of interest permitted and would constitute usury.

3. Method of Payment. All payments to reduce the principal balance hereunder, other than regularly scheduled payments of principal, and all late charges and other amounts required to be paid hereunder, other than regularly scheduled installments of interest, shall be made to the holder of this Note in immediately available Federal Funds. Payments received after 12:00 noon Eastern time will be deemed to have been received on the next following business day.

4. Non-Recourse. Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Maker hereof for payment of the indebtedness evidenced hereby, and, in the event of a default, the holder hereof shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Maker hereof except such judgment or decree as may be necessary to foreclose or bar its interest in the Collateral, except as set out in the Mortgage. As used herein, "Collateral" shall mean and include (i) the property subject to the Mortgage, including, but not limited to, the land, improvements, equipment, personal property, and appurtenances thereto, and the rents, issues, and profits thereof, as set forth in said Mortgage and (ii) the collateral described in the Security Agreement of even date with the Note given to further secure the Note.

**IN WITNESS WHEREOF**, the undersigned Maker has executed this Rider as of the date first above written.

**PETERSEN 30, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



Mark B. Petersen, Manager

# **Exhibit C**

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

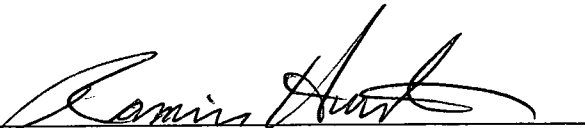
**Mortgage**

From Petersen 23, LLC  
to Lancaster Pollard Mortgage Company

Dated as of April 1, 2013  
Recorded April 24, 2013  
as Instrument No. 2013-00744342 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent



When recorded, please return to:

Vorys, Sater, Seymour, and Pease LLP  
301 East Fourth Street  
Suite 3500, Great American Tower  
Cincinnati, Ohio 45202  
Attn: David E. Barnes

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

For Recorder's Office

PALM TERRACE OF MATTOON  
COLES COUNTY, ILLINOIS

FHA Form No. 4116-b  
(CORPORATE)  
(Revised March 1971)

## MORTGAGE

THIS INDENTURE, made ~~this~~ as of the 1<sup>st</sup> day of April, 2013, between PETERSEN 23, LLC, a corporation limited liability company organized and existing under the laws of Illinois, having a place of business at 830 West Trailcreek Dr., Peoria, Illinois 61614, hereinafter referred to as the Mortgagor, and LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of Four Million Six Hundred Seventy-Three Thousand and No/100 Dollars (\$4,673,000.00), evidenced by its note of even date herewith, bearing interest from date on outstanding balances at Three and 38/100 per centum (3.38%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2038, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents CONVEY, MORTGAGE, and WARRANT unto the Mortgagee, its successors or assigns, the following-described real estate situate lying, and being in the City of Mattoon, in the County of Coles, and the State of Illinois, to wit:

**For legal description see Exhibit A, as well as Assignment of Leases rider to Mortgage attached hereto and incorporated by reference herein.**

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves, and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, screens, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in

substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

AND SAID MORTGAGOR covenants and agrees:

1. That it will pay the note at the times and in the manner provided therein;
  2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
  3. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
  4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
  5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
  6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;
  7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards and liabilities as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee ~~and the Secretary of Housing and Urban Development as interest may appear~~, and shall be deposited with the Mortgagee; **the Mortgagor shall select the insurance carrier subject to the Mortgagee's approval, which shall not be unreasonably withheld;**
- That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;
8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award;
  9. That it is lawfully seized and possessed of said real estate in fee simple, and has good right to convey same;
  10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; to pay to the Mortgagee, as hereinafter provided, until said note is fully paid, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or

Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17(b);

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrance, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended together with any sums expended by the Mortgagee to keep the mortgage insurance in force, shall become so much additional indebtedness, secured by this mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor and shall bear interest at the rate specified in the note from the date of the advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

13. That it will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

14. That the improvements ~~about to be made~~ upon the premises above described ~~and all plans and specifications~~ comply with all municipal ordinances and regulations made or promulgated by lawful authority, ~~and that the same will upon completion comply with all such municipal ordinances and regulations~~ and with the rules of the applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the bases of race, color or creed;

~~16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a building loan agreement between the Mortgagor and Mortgagee dated \_\_\_\_\_, 19\_\_\_\_, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances or the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this mortgage and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;~~

17. That, together with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each succeeding month after the date hereof, until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
  - (I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, and amount sufficient to accumulate in the hands of the Mortgagee one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or
  - (II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth of one-half percent ( $1/12$  of  $1/2$  %) of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other ~~property~~ insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
  - (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or service charge;
  - (II) ground rents, taxes, special assessments, water rates, fire and other ~~property~~ insurance premiums;
  - (III) interest on the note secured hereby;
  - (IV) amortization of the principal of said note.

18. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such items shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) of the preceding paragraph shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development, acting by and through the Commissioner under the Contract of Mortgage Insurance;

19. IN THE EVENT of default in making any monthly payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant or agreement herein stipulated, then the whole of said principal sum remaining unpaid together with accrued interest thereon, shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclosure this mortgage;

20. AND IN CASE OF FORECLOSURE of this mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five per centum (5%) of the amount of the principal indebtedness found to be due, and for stenographers' fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays for documentary

evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this mortgage, its costs and expenses, and the reasonable fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this mortgage;

21. AND THERE SHALL BE INCLUDED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) all the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified in the note, from the time such advances are made; (3) all the accrued interest remaining unpaid on the indebtedness hereby secured; (4) all the said principal money remaining unpaid. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

22. A RECONVEYANCE of said premiums shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made by the Mortgagor, and the payment of the reasonable fees of said Mortgagee.

23. IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

24. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this mortgage;

25. THE COVENANTS HEREIN CONTAINED shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and/or bar its interest in the Collateral, provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof. As used herein, "Collateral" shall mean and include (i) the property subject to this Mortgage and to the rents, issues and profits thereof; (ii) the tangible and intangible property described in any and all security agreements (whether executed by the Mortgagor, any lessee or operator of the property or any portion thereof, or any other party) which now or hereafter secure the Note and the proceeds and products thereof; (iii) any and all escrows and reserves now or hereafter required by the Mortgagee and/or the Secretary of Housing and Urban Development in connection with the property subject to this Mortgage (including, to the extent applicable, replacement reserves accounts, residual receipts accounts, escrows for insurance premiums, mortgage insurance premiums, ground rents, taxes, assessments, utility charges and other impositions, and escrows for working capital, operating deficits, repairs, latent defects, and offsite improvements); and (iv) any and all property now or hereafter mortgaged, pledged, conveyed or assigned to secure payment of the Note and the rents, issues, profits, proceeds and products thereof.

*[See following page for signatures]*

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date first above written.

PETERSEN 23, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) SS:

I, Barbara Hart, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Mark B. Petersen, the Manager of Petersen 23, LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunder duly authorized, signed and delivered said instrument as the free and voluntary act of said limited liability company, and as his own free and voluntary act, for the uses and purposes set forth therein.

GIVEN, under my hand and notarial seal this 5 day of April, 2013.

Barbara Ann Hart  
Notary Public

My commission expires 11-23-14.



STATE OF ILLINOIS  
Loan No. 072-22127

**Mortgage**

PETERSEN 23, LLC  
TO  
LANCASTER POLLARD MORTGAGE COMPANY

Doc. No. \_\_\_\_\_

Filed for Record in the Recorder's Office of \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19 \_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ m., of \_\_\_\_\_ and duly recorded in Book \_\_\_\_\_, page \_\_\_\_\_

\_\_\_\_\_  
Clerk

258161-P

**EXHIBIT A  
LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

PALM TERRACE OF MATTOON  
FHA PROJECT NO. 072-22127

### ASSIGNMENT OF LEASES RIDER TO MORTGAGE

This Assignment of Leases Rider to Mortgage (the "Rider") is dated as of April 1, 2013 and is incorporated by reference into that certain Mortgage dated of even date herewith (the "Mortgage") by and between PETERSEN 23, LLC, an Illinois limited liability company ("Mortgagor"), for the benefit of LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation ("Mortgagee") as if fully set forth therein.

1. Mortgagor hereby assigns, grants and transfers over to Mortgagee, its successors and assigns, all interest of the Mortgagor in and under each of (a) that certain HUD Facilities Master Lease by and between Mortgagor, and others, as "Landlord", and Petersen MT, LLC, an Illinois limited liability company as "Tenant", dated as of April 1, 2013, as the same has been amended or modified, together with any subsequent leases affecting the property described in the Mortgage (the "Leases"), together with all rents, income, revenues and profits now due, or which may become due, under the Leases or arising otherwise out of the property covered by this Mortgage (the "Property"), or any interest therein, together with all rights which Mortgagor may have against all tenants or others under said Leases or otherwise in connection with the Property (collectively, the "Rents"), and including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Leases whereby Tenant grants to Mortgagor a security interest in certain assets of Tenant; and (b) that certain Sublease by and between Tenant and Petersen Management Company, LLC, an Illinois limited liability company ("Subtenant"), dated as of April 1, 2013 ( the "Sublease"), including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Sublease whereby Subtenant grants to Mortgagor a security interest in certain assets of Subtenant, including Subtenant's accounts receivable, licenses, provider agreements and certificates of need. This assignment is subject to a license hereby reserved to Mortgagor, but limited as hereinafter provided, to collect said Rents. For purposes of the security interests and rights of Mortgagor, as secured party, under each of the Leases and Sublease and which are assigned to Mortgagee under this Section 1, Mortgagor and Mortgagee agree that the term "Mortgagee" shall mean and include both the Mortgagee first named above and U.S. Department of Housing and Urban Development. Mortgagor hereby acknowledges and represents to Mortgagee and to the U.S. Department of Housing and Urban Development that the Sublease was expressly assigned by Tenant to Mortgagor pursuant to the express provisions of the Lease and that Tenant expressly acknowledged and agreed in the Lease that the Tenant's interests in the Sublease that were assigned to Mortgagor shall be assigned by Mortgagor to Mortgagee. This Rider effects the said assignment of the Sublease to Mortgagee.

2. Mortgagor agrees to timely perform and discharge all obligations of Mortgagor as Landlord under the Lease.

3. Mortgagor further agrees not to receive or collect any Rents in advance, nor pledge, or assign future Rents, nor release or discharge any Tenant thereof from any obligation under the Lease; nor to cancel, modify, extend or renew any Lease or dispossess any Tenant without the prior written approval of Mortgagee.

4. So long as Mortgagor shall not be in default hereunder, Mortgagor shall have the license reserved hereby to collect all Rents.

5. Upon default by Mortgagor under any provision of the Mortgage (including this Rider), Mortgagee may, at its option, terminate the license of Mortgagor to collect the Rents and bring an action to appoint a receiver to enter upon, take possession of, manage and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect, and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Mortgagor could do if personally present, and Mortgagee shall, after payment of all



expenses, credit the net amount of income which it may receive to the indebtedness secured hereby, in the manner, order and amounts as Mortgagee shall determine.

6. In the event Tenant defaults under its Lease with Mortgagor entitling Mortgagor, as Landlord, under the Lease to cause a receiver to be appointed to operate the Property, and after ten (10) days written notice from Mortgagee to Mortgagor directing Mortgagor to take such actions as are required to have a receiver appointed to so operate the Property, Mortgagor fails to commence such actions and diligently pursue them to completion, such failure shall be a default by Mortgagor under this Mortgage entitling Mortgagee to exercise its rights and remedies under this Mortgage and applicable law. In addition, upon such default or other default by Mortgagor under this Mortgage or the Note secured by this Mortgage that is not cured within any applicable cure period, Mortgagee may initiate such actions as may be necessary, whether in Mortgagee's name or in the name of, and/or in the place of Mortgagor, to have a receiver appointed to operate the Property.

7. Notwithstanding anything herein to the contrary, acceptance by Mortgagee of this assignment shall not constitute Mortgagee a mortgagee in possession, or obligate Mortgagee to appear in or defend any action or proceeding relating to the Rents, Leases, Sublease, or the Property, or to take any action hereunder, or incur any expenses; nor shall Mortgagee be liable for any injury or damage to person or property sustained by any persons, in or about the Property. This assignment is an assignment of rights only, and not a delegation of duties.

8. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney, coupled with an interest, in the name of Mortgagor, to subordinate any Lease to the lien of this Mortgage and to collect all Rents payable under the Leases upon termination of the license herein granted. This assignment shall constitute a direction to and full authority to Tenant and any tenant under the Leases to pay all Rents to Mortgagee. The foregoing powers are irrevocable, continuing, and exclusive in Mortgagee, its successors and assigns.

9. Upon payment in full of the indebtedness secured by this Mortgage, this assignment shall be of no further force and effect and Mortgagee shall execute such documents, in recordable form, as may be required or needed to reconvey and/or rescind this assignment.

**DOCUMENT CERTIFICATION**

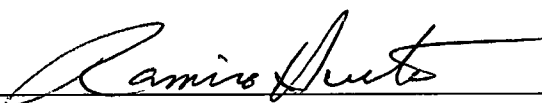
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Mortgage**

From Petersen 26, LLC  
to Lancaster Pollard Mortgage Company

Dated as of April 1, 2013  
Recorded April 24, 2013  
as Instrument No. 179865 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
\_\_\_\_\_  
Ramiro Huerta,  
Agent

When recorded, please return to:

Vorys, Sater, Seymour, and Pease LLP  
301 East Fourth Street  
Suite 3500, Great American Tower  
Cincinnati, Ohio 45202  
Attn: David E. Barnes

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

For Recorder's Office

FHA Form No. 4116-b  
(CORPORATE)  
(Revised March 1971)

FLORA HEALTH CENTER  
CLAY COUNTY, ILLINOIS

# MORTGAGE

THIS INDENTURE, made ~~this~~ as of the 1<sup>st</sup> day of April, 2013, between PETERSON 26, LLC, a ~~corporation~~ limited liability company organized and existing under the laws of Illinois, having a place of business at 830 West Trailcreek Dr., Peoria, Illinois 61614, hereinafter referred to as the Mortgagor, and LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of Three Million Eight Hundred Twenty-Four Thousand and No/100 Dollars (\$3,824,000.00), evidenced by its note of even date herewith, bearing interest from date on outstanding balances at Three and 38/100 per centum (3.38%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2038, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents CONVEY, MORTGAGE, and WARRANT unto the Mortgagee, its successors or assigns, the following-described real estate situate lying, and being in the City of Flora, in the County of Clay, and the State of Illinois, to wit:

**For legal description see Exhibit A, as well as Assignment of Leases rider to Mortgage attached hereto and incorporated by reference herein.**

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves, and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, screens, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

AND SAID MORTGAGOR covenants and agrees:

1. That it will pay the note at the times and in the manner provided therein;
  2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
  3. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
  4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
  5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
  6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;
  7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards and liabilities as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee ~~and the Secretary of Housing and Urban Development as interest may appear~~, and shall be deposited with the Mortgagee; **the Mortgagor shall select the insurance carrier subject to the Mortgagee's approval, which shall not be unreasonably withheld;**
- That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;
8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award;
  9. That it is lawfully seized and possessed of said real estate in fee simple, and has good right to convey same;
  10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; to pay to the Mortgagee, as hereinafter provided, until said note is fully paid, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17(b);

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrance, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended together with any sums expended by the Mortgagee to keep the mortgage insurance in force, shall become so much additional indebtedness, secured by this mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor and shall bear interest at the rate specified in the note from the date of the advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

13. That it will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

14. That the improvements ~~about to be made~~ upon the premises above described ~~and all plans and specifications~~ comply with all municipal ordinances and regulations made or promulgated by lawful authority, ~~and that the same will upon completion comply with all such municipal ordinances and regulations~~ and with the rules of the applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the bases of race, color or creed;

~~16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described in accordance with a building loan agreement between the Mortgagor and Mortgagee dated \_\_\_\_\_, 19\_\_\_\_, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances on the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this mortgage and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;~~

17. That, together with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each succeeding month after the date hereof, until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
- (I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, and amount sufficient to accumulate in the hands of the Mortgagee one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or
  - (II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth of one-half percent (1/12 of 1/2 %) of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other ~~property~~ insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
- (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or service charge;
  - (II) ground rents, taxes, special assessments, water rates, fire and other ~~property~~ insurance premiums;
  - (III) interest on the note secured hereby;
  - (IV) amortization of the principal of said note.

18. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such items shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under: (a) of the preceding paragraph shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development, acting by and through the Commissioner under the Contract of Mortgage Insurance;

19. IN THE EVENT of default in making any monthly payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant or agreement herein stipulated, then the whole of said principal sum remaining unpaid together with accrued interest thereon, shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclosure this mortgage;

20. AND IN CASE OF FORECLOSURE of this mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five per centum (5%) of the amount of the principal indebtedness found to be due, and for stenographers' fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays for documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this mortgage, its costs and expenses, and the reasonable

fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this mortgage;

21. AND THERE SHALL BE INCLUDED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) all the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified in the note, from the time such advances are made; (3) all the accrued interest remaining unpaid on the indebtedness hereby secured; (4) all the said principal money remaining unpaid. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

22. A RECONVEYANCE of said premiums shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made by the Mortgagor, and the payment of the reasonable fees of said Mortgagee.

23. IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

24. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this mortgage;

25. THE COVENANTS HEREIN CONTAINED shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and/or bar its interest in the Collateral, provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof. As used herein, "Collateral" shall mean and include (i) the property subject to this Mortgage and to the rents, issues and profits thereof; (ii) the tangible and intangible property described in any and all security agreements (whether executed by the Mortgagor, any lessee or operator of the property or any portion thereof, or any other party) which now or hereafter secure the Note and the proceeds and products thereof; (iii) any and all escrows and reserves now or hereafter required by the Mortgagee and/or the Secretary of Housing and Urban Development in connection with the property subject to this Mortgage (including, to the extent applicable, replacement reserves accounts, residual receipts accounts, escrows for insurance premiums, mortgage insurance premiums, ground rents, taxes, assessments, utility charges and other impositions, and escrows for working capital, operating deficits, repairs, latent defects, and offsite improvements); and (iv) any and all property now or hereafter mortgaged, pledged, conveyed or assigned to secure payment of the Note and the rents, issues, profits, proceeds and products thereof.

*[See following page for signatures]*

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date first above written.

PETERSEN 26, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) SS:

I, Barbara Hart, a Notary Public in and for the County and State aforesaid, DO  
HEREBY CERTIFY, that Mark B. Petersen, the Manager of Petersen 26, LLC, an Illinois limited liability company, who is  
personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me  
this day in person and acknowledged to me that he, being thereunder duly authorized, signed and delivered said instrument as  
the free and voluntary act of said limited liability company, and as his own free and voluntary act, for the uses and purposes  
set forth therein.

GIVEN, under my hand and notarial seal this 5 day of April, 2013.

My commission expires 11-23-14.

Barbara Ann Hart  
Notary Public



STATE OF ILLINOIS  
Loan No. 072-22124  
Mortgage  
PETERSEN 26, LLC  
TO  
LANCASTER POLLARD MORTGAGE COMPANY  
Doc. No.

Filed for Record in the Recorder's Office of  
County, Illinois, on the \_\_\_\_\_ day of \_\_\_\_\_  
, A.D. 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ m., of \_\_\_\_\_  
and duly recorded in Book \_\_\_\_\_  
, page \_\_\_\_\_

Clerk  
\_\_\_\_\_  
\_\_\_\_\_

258161-P



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

FLORA HEALTH CENTER  
FHA PROJECT NO. 072-22124

### ASSIGNMENT OF LEASES RIDER TO MORTGAGE

This Assignment of Leases Rider to Mortgage (the "Rider") is dated as of April 1, 2013 and is incorporated by reference into that certain Mortgage dated of even date herewith (the "Mortgage") by and between PETERSEN 26, LLC, an Illinois limited liability company ("Mortgagor"), for the benefit of LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation ("Mortgagee") as if fully set forth therein.

1. Mortgagor hereby assigns, grants and transfers over to Mortgagee, its successors and assigns, all interest of the Mortgagor in and under each of (a) that certain HUD Facilities Master Lease by and between Mortgagor, and others, as "Landlord", and Petersen MT, LLC, an Illinois limited liability company as "Tenant", dated as of April 1, 2013, as the same has been amended or modified, together with any subsequent leases affecting the property described in the Mortgage (the "Leases"), together with all rents, income, revenues and profits now due, or which may become due, under the Leases or arising otherwise out of the property covered by this Mortgage (the "Property"), or any interest therein, together with all rights which Mortgagor may have against all tenants or others under said Leases or otherwise in connection with the Property (collectively, the "Rents"), and including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Leases whereby Tenant grants to Mortgagor a security interest in certain assets of Tenant; and (b) that certain Sublease by and between Tenant and Petersen Management Company, LLC, an Illinois limited liability company ("Subtenant"), dated as of April 1, 2013 (the "Sublease"), including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Sublease whereby Subtenant grants to Mortgagor a security interest in certain assets of Subtenant, including Subtenant's accounts receivable, licenses, provider agreements and certificates of need. This assignment is subject to a license hereby reserved to Mortgagor, but limited as hereinafter provided, to collect said Rents. For purposes of the security interests and rights of Mortgagor, as secured party, under each of the Leases and Sublease and which are assigned to Mortgagee under this Section 1, Mortgagor and Mortgagee agree that the term "Mortgagee" shall mean and include both the Mortgagee first named above and U.S. Department of Housing and Urban Development. Mortgagor hereby acknowledges and represents to Mortgagee and to the U.S. Department of Housing and Urban Development that the Sublease was expressly assigned by Tenant to Mortgagor pursuant to the express provisions of the Lease and that Tenant expressly acknowledged and agreed in the Lease that the Tenant's interests in the Sublease that were assigned to Mortgagor shall be assigned by Mortgagor to Mortgagee. This Rider effects the said assignment of the Sublease to Mortgagee.

2. Mortgagor agrees to timely perform and discharge all obligations of Mortgagor as Landlord under the Lease.

3. Mortgagor further agrees not to receive or collect any Rents in advance, nor pledge, or assign future Rents, nor release or discharge any Tenant thereof from any obligation under the Lease; nor to cancel, modify, extend or renew any Lease or dispossess any Tenant without the prior written approval of Mortgagee.

4. So long as Mortgagor shall not be in default hereunder, Mortgagor shall have the license reserved hereby to collect all Rents.

5. Upon default by Mortgagor under any provision of the Mortgage (including this Rider), Mortgagee may, at its option, terminate the license of Mortgagor to collect the Rents and bring an action to appoint a receiver to enter upon, take possession of, manage and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect, and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Mortgagor could do if personally present, and Mortgagee shall, after payment of all

expenses, credit the net amount of income which it may receive to the indebtedness secured hereby, in the manner, order and amounts as Mortgagee shall determine.

6. In the event Tenant defaults under its Lease with Mortgagor entitling Mortgagor, as Landlord, under the Lease to cause a receiver to be appointed to operate the Property, and after ten (10) days written notice from Mortgagee to Mortgagor directing Mortgagor to take such actions as are required to have a receiver appointed to so operate the Property, Mortgagor fails to commence such actions and diligently pursue them to completion, such failure shall be a default by Mortgagor under this Mortgage entitling Mortgagee to exercise its rights and remedies under this Mortgage and applicable law. In addition, upon such default or other default by Mortgagor under this Mortgage or the Note secured by this Mortgage that is not cured within any applicable cure period, Mortgagee may initiate such actions as may be necessary, whether in Mortgagee's name or in the name of, and/or in the place of Mortgagor, to have a receiver appointed to operate the Property.

7. Notwithstanding anything herein to the contrary, acceptance by Mortgagee of this assignment shall not constitute Mortgagee a mortgagee in possession, or obligate Mortgagee to appear in or defend any action or proceeding relating to the Rents, Leases, Sublease, or the Property, or to take any action hereunder, or incur any expenses; nor shall Mortgagee be liable for any injury or damage to person or property sustained by any persons, in or about the Property. This assignment is an assignment of rights only, and not a delegation of duties.

8. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney, coupled with an interest, in the name of Mortgagor, to subordinate any Lease to the lien of this Mortgage and to collect all Rents payable under the Leases upon termination of the license herein granted. This assignment shall constitute a direction to and full authority to Tenant and any tenant under the Leases to pay all Rents to Mortgagee. The foregoing powers are irrevocable, continuing, and exclusive in Mortgagee, its successors and assigns.

9. Upon payment in full of the indebtedness secured by this Mortgage, this assignment shall be of no further force and effect and Mortgagee shall execute such documents, in recordable form, as may be required or needed to reconvey and/or rescind this assignment.

## DOCUMENT CERTIFICATION

The document attached hereto is certified to be a true and correct copy of the original of the following document:

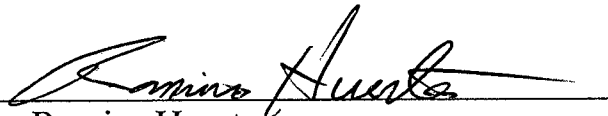
### Mortgage

From Petersen 27, LLC  
to Lancaster Pollard Mortgage Company

Dated as of April 1, 2013  
Recorded April 24, 2013  
as Instrument No. 2013-99905 At 9:30 a.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

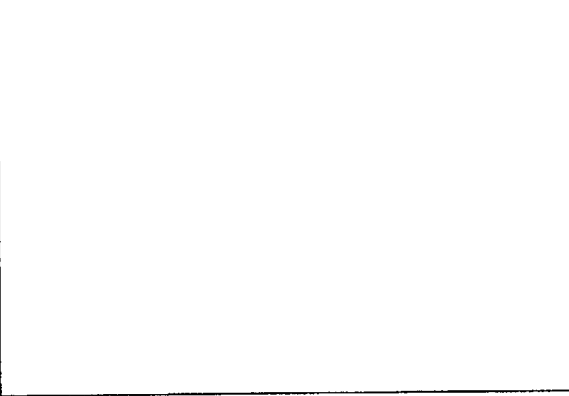
When recorded, please return to:

Vorys, Sater, Seymour, and Pease LLP  
301 East Fourth Street  
Suite 3500, Great American Tower  
Cincinnati, Ohio 45202  
Attn: David E. Barnes

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483



For Recorder's Office

TOULON REHAB & HEALTH CENTER  
STARK COUNTY, ILLINOIS

FHA Form No. 4116-b  
(CORPORATE)  
(Revised March 1971)

## MORTGAGE

THIS INDENTURE, made ~~this~~ as of the 1<sup>st</sup> day of April, 2013, between PETERSEN 27, LLC, a ~~corporation~~ limited liability company organized and existing under the laws of Illinois, having a place of business at 830 West Trailcreek Dr., Peoria, Illinois 61614, hereinafter referred to as the Mortgagor, and LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of Five Million Two Hundred Seventy-Two Thousand and No/100 Dollars (\$5,272,000.00), evidenced by its note of even date herewith, bearing interest from date on outstanding balances at Three and 38/100 per centum (3.38%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2038, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents CONVEY, MORTGAGE, and WARRANT unto the Mortgagee, its successors or assigns, the following-described real estate situate lying, and being in the City of Toulon, in the County of Stark, and the State of Illinois, to wit:

**For legal description see Exhibit A, as well as Assignment of Leases rider to Mortgage attached hereto and incorporated by reference herein.**

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves, and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, screens, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

AND SAID MORTGAGOR covenants and agrees:

1. That it will pay the note at the times and in the manner provided therein;
  2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
  3. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
  4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
  5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
  6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;
  7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards **and liabilities** as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee ~~and the Secretary of Housing and Urban Development as interest may appear~~, and shall be deposited with the Mortgagee; **the Mortgagor shall select the insurance carrier subject to the Mortgagee's approval, which shall not be unreasonably withheld;**
- That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;
8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award;
  9. That it is lawfully seized and possessed of said real estate in fee simple, and has good right to convey same;
  10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; to pay to the Mortgagee, as hereinafter provided, until said note is fully paid, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17(b);

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrance, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended together with any sums expended by the Mortgagee to keep the mortgage insurance in force, shall become so much additional indebtedness, secured by this mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor and shall bear interest at the rate specified in the note from the date of the advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

13. That it will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

14. That the improvements ~~about to be made~~ upon the premises above described ~~and all plans and specifications~~ comply with all municipal ordinances and regulations made or promulgated by lawful authority, ~~and that the same will upon completion comply with all such municipal ordinances and regulations~~ and with the rules of the applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the bases of race, color or creed;

~~16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a building loan agreement between the Mortgagor and Mortgagee dated \_\_\_\_\_, 19\_\_\_\_, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances or the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this mortgage and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;~~

17. That, together with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each succeeding month after the date hereof, until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
- (I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, and amount sufficient to accumulate in the hands of the Mortgagee one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or
  - (II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth of one-half percent (1/12 of 1/2 %) of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other ~~property~~ insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
- (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or service charge;
  - (II) ground rents, taxes, special assessments, water rates, fire and other ~~property~~ insurance premiums;
  - (III) interest on the note secured hereby;
  - (IV) amortization of the principal of said note.

18. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such items shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) of the preceding paragraph shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development, acting by and through the Commissioner under the Contract of Mortgage Insurance;

19. IN THE EVENT of default in making any monthly payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant or agreement herein stipulated, then the whole of said principal sum remaining unpaid together with accrued interest thereon, shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclosure this mortgage;

20. AND IN CASE OF FORECLOSURE of this mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five per centum (5%) of the amount of the principal indebtedness found to be due, and for stenographers' fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays for documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this mortgage, its costs and expenses, and the reasonable



fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this mortgage;

21. AND THERE SHALL BE INCLUDED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) all the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified in the note, from the time such advances are made; (3) all the accrued interest remaining unpaid on the indebtedness hereby secured; (4) all the said principal money remaining unpaid. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

22. A RECONVEYANCE of said premiums shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made by the Mortgagor, and the payment of the reasonable fees of said Mortgagee.

23. IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

24. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this mortgage;

25. THE COVENANTS HEREIN CONTAINED shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

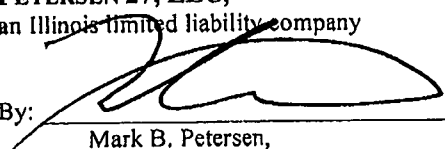
26. Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and/or bar its interest in the Collateral, provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof. As used herein, "Collateral" shall mean and include (i) the property subject to this Mortgage and to the rents, issues and profits thereof; (ii) the tangible and intangible property described in any and all security agreements (whether executed by the Mortgagor, any lessee or operator of the property or any portion thereof, or any other party) which now or hereafter secure the Note and the proceeds and products thereof; (iii) any and all escrows and reserves now or hereafter required by the Mortgagee and/or the Secretary of Housing and Urban Development in connection with the property subject to this Mortgage (including, to the extent applicable, replacement reserves accounts, residual receipts accounts, escrows for insurance premiums, mortgage insurance premiums, ground rents, taxes, assessments, utility charges and other impositions, and escrows for working capital, operating deficits, repairs, latent defects, and offsite improvements); and (iv) any and all property now or hereafter mortgaged, pledged, conveyed or assigned to secure payment of the Note and the rents, issues, profits, proceeds and products thereof.

*[See following page for signatures]*

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date first above written.

PETERSEN 27, LLC,  
an Illinois limited liability company

By:

  
Mark B. Petersen,  
Manager

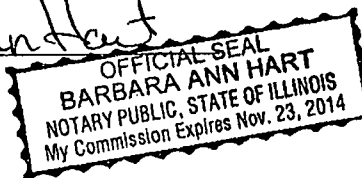
STATE OF ILLINOIS - )  
COUNTY OF Peoria ) SS:

I, Barbara Ann Hart, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Mark B. Petersen, the Manager of Petersen 27, LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunder duly authorized, signed and delivered said instrument as the free and voluntary act of said limited liability company, and as his own free and voluntary act, for the uses and purposes set forth therein.

GIVEN, under my hand and notarial seal this 5 day of April, 2013.

Barbara Ann Hart  
Notary Public

My commission expires 11-23-14.



STATE OF ILLINOIS

Loan No. 071-22262

Mortgage

PETERSEN 27, LLC

TO

LANCASTER POLLARD MORTGAGE COMPANY

Doc. No.

Filed for Record in the Recorder's Office of

County, Illinois, on the \_\_\_\_\_ day of \_\_\_\_\_

, A.D. 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ m.,

and duly recorded in Book \_\_\_\_\_ of \_\_\_\_\_

, page \_\_\_\_\_

Clerk

258161-P

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

TOULON REHAB & HEALTH CENTER  
FHA PROJECT NO. 071-22262

### ASSIGNMENT OF LEASES RIDER TO MORTGAGE

This Assignment of Leases Rider to Mortgage (the "Rider") is dated as of April 1, 2013 and is incorporated by reference into that certain Mortgage dated of even date herewith (the "Mortgage") by and between PETERSEN 27, LLC, an Illinois limited liability company ("Mortgagor"), for the benefit of LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation ("Mortgagee") as if fully set forth therein.

1. Mortgagor hereby assigns, grants and transfers over to Mortgagee, its successors and assigns, all interest of the Mortgagor in and under each of (a) that certain HUD Facilities Master Lease by and between Mortgagor, and others, as "Landlord", and Petersen MT, LLC, an Illinois limited liability company as "Tenant", dated as of April 1, 2013, as the same has been amended or modified, together with any subsequent leases affecting the property described in the Mortgage (the "Leases"), together with all rents, income, revenues and profits now due, or which may become due, under the Leases or arising otherwise out of the property covered by this Mortgage (the "Property"), or any interest therein, together with all rights which Mortgagor may have against all tenants or others under said Leases or otherwise in connection with the Property (collectively, the "Rents"), and including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Leases whereby Tenant grants to Mortgagor a security interest in certain assets of Tenant; and (b) that certain Sublease by and between Tenant and Petersen Management Company, LLC, an Illinois limited liability company ("Subtenant"), dated as of April 1, 2013 ( the "Sublease"), including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Sublease whereby Subtenant grants to Mortgagor a security interest in certain assets of Subtenant, including Subtenant's accounts receivable, licenses, provider agreements and certificates of need. This assignment is subject to a license hereby reserved to Mortgagor, but limited as hereinafter provided, to collect said Rents. For purposes of the security interests and rights of Mortgagor, as secured party, under each of the Leases and Sublease and which are assigned to Mortgagee under this Section 1, Mortgagor and Mortgagee agree that the term "Mortgagee" shall mean and include both the Mortgagee first named above and U.S. Department of Housing and Urban Development. Mortgagor hereby acknowledges and represents to Mortgagee and to the U.S. Department of Housing and Urban Development that the Sublease was expressly assigned by Tenant to Mortgagor pursuant to the express provisions of the Lease and that Tenant expressly acknowledged and agreed in the Lease that the Tenant's interests in the Sublease that were assigned to Mortgagor shall be assigned by Mortgagor to Mortgagee. This Rider effects the said assignment of the Sublease to Mortgagee.

2. Mortgagor agrees to timely perform and discharge all obligations of Mortgagor as Landlord under the Lease.

3. Mortgagor further agrees not to receive or collect any Rents in advance, nor pledge, or assign future Rents, nor release or discharge any Tenant thereof from any obligation under the Lease; nor to cancel, modify, extend or renew any Lease or dispossess any Tenant without the prior written approval of Mortgagee.

4. So long as Mortgagor shall not be in default hereunder, Mortgagor shall have the license reserved hereby to collect all Rents.

5. Upon default by Mortgagor under any provision of the Mortgage (including this Rider), Mortgagee may, at its option, terminate the license of Mortgagor to collect the Rents and bring an action to appoint a receiver to enter upon, take possession of, manage and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect, and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Mortgagor could do if personally present, and Mortgagee shall, after payment of all

expenses, credit the net amount of income which it may receive to the indebtedness secured hereby, in the manner, order and amounts as Mortgagee shall determine.

6. In the event Tenant defaults under its Lease with Mortgagor entitling Mortgagor, as Landlord, under the Lease to cause a receiver to be appointed to operate the Property, and after ten (10) days written notice from Mortgagee to Mortgagor directing Mortgagor to take such actions as are required to have a receiver appointed to so operate the Property, Mortgagor fails to commence such actions and diligently pursue them to completion, such failure shall be a default by Mortgagor under this Mortgage entitling Mortgagee to exercise its rights and remedies under this Mortgage and applicable law. In addition, upon such default or other default by Mortgagor under this Mortgage or the Note secured by this Mortgage that is not cured within any applicable cure period, Mortgagee may initiate such actions as may be necessary, whether in Mortgagee's name or in the name of, and/or in the place of Mortgagor, to have a receiver appointed to operate the Property.

7. Notwithstanding anything herein to the contrary, acceptance by Mortgagee of this assignment shall not constitute Mortgagee a mortgagee in possession, or obligate Mortgagee to appear in or defend any action or proceeding relating to the Rents, Leases, Sublease, or the Property, or to take any action hereunder, or incur any expenses; nor shall Mortgagee be liable for any injury or damage to person or property sustained by any persons, in or about the Property. This assignment is an assignment of rights only, and not a delegation of duties.

8. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney, coupled with an interest, in the name of Mortgagor, to subordinate any Lease to the lien of this Mortgage and to collect all Rents payable under the Leases upon termination of the license herein granted. This assignment shall constitute a direction to and full authority to Tenant and any tenant under the Leases to pay all Rents to Mortgagee. The foregoing powers are irrevocable, continuing, and exclusive in Mortgagee, its successors and assigns.

9. Upon payment in full of the indebtedness secured by this Mortgage, this assignment shall be of no further force and effect and Mortgagee shall execute such documents, in recordable form, as may be required or needed to reconvey and/or rescind this assignment.

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

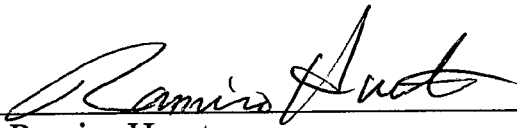
**Mortgage**

From Petersen 29, LLC  
to Lancaster Pollard Mortgage Company

Dated as of April 1, 2013  
Recorded April 24, 2013  
as Instrument No. 2013-05023 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By: \_\_\_\_\_

  
Ramiro Huerta,  
Agent



When recorded, please return to:

Vorys, Sater, Seymour, and Pease LLP  
301 East Fourth Street  
Suite 3500, Great American Tower  
Cincinnati, Ohio 45202  
Attn: David E. Barnes

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

For Recorder's Office

MT. VERNON HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

FHA Form No. 4116-b  
(CORPORATE)  
(Revised March 1971)

## MORTGAGE

THIS INDENTURE, made ~~this~~ as of the 1<sup>st</sup> day of April, 2013, between PETERSEN 29, LLC, a ~~corporation~~ limited liability company organized and existing under the laws of Illinois, having a place of business at 830 West Trailcreek Dr., Peoria, Illinois 61614, hereinafter referred to as the Mortgagor, and LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of Two Million One Hundred Forty-Six Thousand and No/100 Dollars (\$2,146,000.00), evidenced by its note of even date herewith, bearing interest from date on outstanding balances at Three and 38/100 per centum (3.38%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2038, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents CONVEY, MORTGAGE, and WARRANT unto the Mortgagee, its successors or assigns, the following-described real estate situate lying, and being in the City of Mt. Vernon, in the County of Jefferson, and the State of Illinois, to wit:

**For legal description see Exhibit A, as well as Assignment of Leases rider to Mortgage attached hereto and incorporated by reference herein.**

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves, and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, screens, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

AND SAID MORTGAGOR covenants and agrees:

1. That it will pay the note at the times and in the manner provided therein;
  2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
  3. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
  4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
  5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
  6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;
  7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards and liabilities as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee ~~and the Secretary of Housing and Urban Development as interest may appear~~, and shall be deposited with the Mortgagee; **the Mortgagor shall select the insurance carrier subject to the Mortgagee's approval, which shall not be unreasonably withheld;**
- That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;
8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award;
  9. That it is lawfully seized and possessed of said real estate in fee simple, and has good right to convey same;
  10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; to pay to the Mortgagee, as hereinafter provided, until said note is fully paid, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17(b);

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrance, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended together with any sums expended by the Mortgagee to keep the mortgage insurance in force, shall become so much additional indebtedness, secured by this mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor and shall bear interest at the rate specified in the note from the date of the advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

13. That it will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

14. That the improvements ~~about to be made~~ upon the premises above described ~~and all plans and specifications~~ comply with all municipal ordinances and regulations made or promulgated by lawful authority, ~~and that the same will upon completion comply with all such municipal ordinances and regulations~~ and with the rules of the applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the bases of race, color or creed;

~~16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a building loan agreement between the Mortgagor and Mortgagee dated \_\_\_\_\_, 19\_\_\_\_, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances or the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this mortgage and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;~~

17. That, together with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each succeeding month after the date hereof, until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
- (I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, and amount sufficient to accumulate in the hands of the Mortgagee one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or
  - (II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth of one-half percent ( $1/12$  of  $1/2$  %) of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other ~~property~~ insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
- (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or service charge;
  - (II) ground rents, taxes, special assessments, water rates, fire and other ~~property~~ insurance premiums;
  - (III) interest on the note secured hereby;
  - (IV) amortization of the principal of said note.

18. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such items shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under: (a) of the preceding paragraph shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development, acting by and through the Commissioner under the Contract of Mortgage Insurance;

19. IN THE EVENT of default in making any monthly payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant or agreement herein stipulated, then the whole of said principal sum remaining unpaid together with accrued interest thereon, shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclosure this mortgage;

20. AND IN CASE OF FORECLOSURE of this mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five per centum (5%) of the amount of the principal indebtedness found to be due, and for stenographers' fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays for documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this mortgage, its costs and expenses, and the reasonable

fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this mortgage;

21. AND THERE SHALL BE INCLUDED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) all the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified in the note, from the time such advances are made; (3) all the accrued interest remaining unpaid on the indebtedness hereby secured; (4) all the said principal money remaining unpaid. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

22. A RECONVEYANCE of said premiums shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made by the Mortgagor, and the payment of the reasonable fees of said Mortgagee.

23. IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

24. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this mortgage;

25. THE COVENANTS HEREIN CONTAINED shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and/or bar its interest in the Collateral, provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof. As used herein, "Collateral" shall mean and include (i) the property subject to this Mortgage and to the rents, issues and profits thereof; (ii) the tangible and intangible property described in any and all security agreements (whether executed by the Mortgagor, any lessee or operator of the property or any portion thereof, or any other party) which now or hereafter secure the Note and the proceeds and products thereof; (iii) any and all escrows and reserves now or hereafter required by the Mortgagee and/or the Secretary of Housing and Urban Development in connection with the property subject to this Mortgage (including, to the extent applicable, replacement reserves accounts, residual receipts accounts, escrows for insurance premiums, mortgage insurance premiums, ground rents, taxes, assessments, utility charges and other impositions, and escrows for working capital, operating deficits, repairs, latent defects, and offsite improvements); and (iv) any and all property now or hereafter mortgaged, pledged, conveyed or assigned to secure payment of the Note and the rents, issues, profits, proceeds and products thereof.

*[See following page for signatures]*

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date first above written.

**PETERSEN 29, LLC,**  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

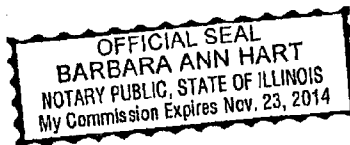
STATE OF ILLINOIS )  
COUNTY OF Peoria ) SS:

I, Barbara Ann Hart, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Mark B. Petersen, the Manager of Petersen 29, LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunder duly authorized, signed and delivered said instrument as the free and voluntary act of said limited liability company, and as his own free and voluntary act, for the uses and purposes set forth therein.

GIVEN, under my hand and notarial seal this 5 day of April, 2013.

Barbara Ann Hart  
Notary Public

My commission expires 11-23-14



STATE OF ILLINOIS	
Loan No. 072-22123	
Mortgage	
PETERSEN 29, LLC	
TO	
LANCASTER POLLARD MORTGAGE COMPANY	
Doc. No.	
Filed for Record in the Recorder's Office of	
County, Illinois, on the	day of
, A.D. 19	m.,
and duly recorded in Book	of
, page	
	Clerk

258161-P

**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

MT. VERNON HEALTH CENTER  
FHA PROJECT NO. 072-22123

**ASSIGNMENT OF LEASES RIDER  
TO MORTGAGE**

This Assignment of Leases Rider to Mortgage (the "Rider") is dated as of April 1, 2013 and is incorporated by reference into that certain Mortgage dated of even date herewith (the "Mortgage") by and between PETERSEN 29, LLC, an Illinois limited liability company ("Mortgagor"), for the benefit of LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation ("Mortgagee") as if fully set forth therein.

1. Mortgagor hereby assigns, grants and transfers over to Mortgagee, its successors and assigns, all interest of the Mortgagor in and under each of (a) that certain HUD Facilities Master Lease by and between Mortgagor, and others, as "Landlord", and Petersen MT, LLC, an Illinois limited liability company as "Tenant", dated as of April 1, 2013, as the same has been amended or modified, together with any subsequent leases affecting the property described in the Mortgage (the "Leases"), together with all rents, income, revenues and profits now due, or which may become due, under the Leases or arising otherwise out of the property covered by this Mortgage (the "Property"), or any interest therein, together with all rights which Mortgagor may have against all tenants or others under said Leases or otherwise in connection with the Property (collectively, the "Rents"), and including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Leases whereby Tenant grants to Mortgagor a security interest in certain assets of Tenant; and (b) that certain Sublease by and between Tenant and Petersen Management Company, LLC, an Illinois limited liability company ("Subtenant"), dated as of April 1, 2013 ( the "Sublease"), including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Sublease whereby Subtenant grants to Mortgagor a security interest in certain assets of Subtenant, including Subtenant's accounts receivable, licenses, provider agreements and certificates of need. This assignment is subject to a license hereby reserved to Mortgagee, but limited as hereinafter provided, to collect said Rents. For purposes of the security interests and rights of Mortgagee, as secured party, under each of the Leases and Sublease and which are assigned to Mortgagee under this Section 1, Mortgagor and Mortgagee agree that the term "Mortgagee" shall mean and include both the Mortgagee first named above and U.S. Department of Housing and Urban Development. Mortgagor hereby acknowledges and represents to Mortgagee and to the U.S. Department of Housing and Urban Development that the Sublease was expressly assigned by Tenant to Mortgagor pursuant to the express provisions of the Lease and that Tenant expressly acknowledged and agreed in the Lease that the Tenant's interests in the Sublease that were assigned to Mortgagor shall be assigned by Mortgagor to Mortgagee. This Rider effects the said assignment of the Sublease to Mortgagee.

2. Mortgagor agrees to timely perform and discharge all obligations of Mortgagor as Landlord under the Lease.

3. Mortgagor further agrees not to receive or collect any Rents in advance, nor pledge, or assign future Rents, nor release or discharge any Tenant thereof from any obligation under the Lease; nor to cancel, modify, extend or renew any Lease or dispossess any Tenant without the prior written approval of Mortgagee.

4. So long as Mortgagor shall not be in default hereunder, Mortgagor shall have the license reserved hereby to collect all Rents.

5. Upon default by Mortgagor under any provision of the Mortgage (including this Rider), Mortgagee may, at its option, terminate the license of Mortgagor to collect the Rents and bring an action to appoint a receiver to enter upon, take possession of, manage and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect, and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Mortgagor could do if personally present, and Mortgagee shall, after payment of all



expenses, credit the net amount of income which it may receive to the indebtedness secured hereby, in the manner, order and amounts as Mortgagee shall determine.

6. In the event Tenant defaults under its Lease with Mortgagor entitling Mortgagor, as Landlord, under the Lease to cause a receiver to be appointed to operate the Property, and after ten (10) days written notice from Mortgagee to Mortgagor directing Mortgagor to take such actions as are required to have a receiver appointed to so operate the Property, Mortgagor fails to commence such actions and diligently pursue them to completion, such failure shall be a default by Mortgagor under this Mortgage entitling Mortgagee to exercise its rights and remedies under this Mortgage and applicable law. In addition, upon such default or other default by Mortgagor under this Mortgage or the Note secured by this Mortgage that is not cured within any applicable cure period, Mortgagee may initiate such actions as may be necessary, whether in Mortgagee's name or in the name of, and/or in the place of Mortgagor, to have a receiver appointed to operate the Property.

7. Notwithstanding anything herein to the contrary, acceptance by Mortgagee of this assignment shall not constitute Mortgagee a mortgagee in possession, or obligate Mortgagee to appear in or defend any action or proceeding relating to the Rents, Leases, Sublease, or the Property, or to take any action hereunder, or incur any expenses; nor shall Mortgagee be liable for any injury or damage to person or property sustained by any persons, in or about the Property. This assignment is an assignment of rights only, and not a delegation of duties.

8. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney, coupled with an interest, in the name of Mortgagor, to subordinate any Lease to the lien of this Mortgage and to collect all Rents payable under the Leases upon termination of the license herein granted. This assignment shall constitute a direction to and full authority to Tenant and any tenant under the Leases to pay all Rents to Mortgagee. The foregoing powers are irrevocable, continuing, and exclusive in Mortgagee, its successors and assigns.

9. Upon payment in full of the indebtedness secured by this Mortgage, this assignment shall be of no further force and effect and Mortgagee shall execute such documents, in recordable form, as may be required or needed to reconvey and/or rescind this assignment.

**DOCUMENT CERTIFICATION**

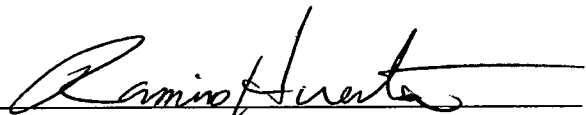
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Mortgage**

From Petersen 30, LLC  
to Lancaster Pollard Mortgage Company

Dated as of April 1, 2013  
Recorded April 24, 2013  
as Instrument No. 2013-05012 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Vorys, Sater, Seymour, and Pease LLP  
301 East Fourth Street  
Suite 3500, Great American Tower  
Cincinnati, Ohio 45202  
Attn: David E. Barnes

PIN: 07-30-401-007  
**07-30-401-013**  
Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

For Recorder's Office

**WHITE OAK REHAB & HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS**

FHA Form No. 4116-b  
(CORPORATE)  
(Revised March 1971)

## MORTGAGE

THIS INDENTURE, made ~~this~~ as of the 1<sup>st</sup> day of April, 2013, between PETERSEN 30, LLC, a ~~corporation~~ limited liability company organized and existing under the laws of Illinois, having a place of business at 830 West Trailcreek Dr., Peoria, Illinois 61614, hereinafter referred to as the Mortgagor, and LANCASTER POLLARD MORTGAGE COMPANY, a corporation organized and existing under the laws of Ohio, Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of Two Million Four Hundred Ninety-Seven Thousand and no/100 Dollars (\$2,497,000.00), evidenced by its note of even date herewith, bearing interest from date on outstanding balances at Three and 38/100 per centum (3.38%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2038, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents CONVEY, MORTGAGE, and WARRANT unto the Mortgagee, its successors or assigns, the following-described real estate situate lying, and being in the City of Mt. Vernon, in the County of Jefferson, and the State of Illinois, to wit:

**For legal description see Exhibit A, as well as Assignment of Leases rider to Mortgage attached hereto and incorporated by reference herein.**

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves, and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, screens, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

AND SAID MORTGAGOR covenants and agrees:

1. That it will pay the note at the times and in the manner provided therein;
  2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
  3. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
  4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
  5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
  6. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;
  7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards and liabilities as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee ~~and the Secretary of Housing and Urban Development as interest may appear~~, and shall be deposited with the Mortgagee; **the Mortgagor shall select the insurance carrier subject to the Mortgagee's approval, which shall not be unreasonably withheld;**
- That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;
8. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award;
  9. That it is lawfully seized and possessed of said real estate in fee simple, and has good right to convey same;
  10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; to pay to the Mortgagee, as hereinafter provided, until said note is fully paid, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17(b);

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrance, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended together with any sums expended by the Mortgagee to keep the mortgage insurance in force, shall become so much additional indebtedness, secured by this mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor and shall bear interest at the rate specified in the note from the date of the advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

13. That it will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises;

14. That the improvements ~~about to be made~~ upon the premises above described ~~and all plans and specifications~~ comply with all municipal ordinances and regulations made or promulgated by lawful authority, ~~and that the same will upon completion comply with all such municipal ordinances and regulations~~ and with the rules of the applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the bases of race, color or creed;

~~16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a building loan agreement between the Mortgagor and Mortgagee dated \_\_\_\_\_, 19\_\_\_\_, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances or the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this mortgage and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;~~

17. That, together with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each succeeding month after the date hereof, until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
- (I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, and amount sufficient to accumulate in the hands of the Mortgagee one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or
  - (II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth of one-half percent (1/12 of 1/2 %) of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other ~~property~~ insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:
- (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or service charge;
  - (II) ground rents, taxes, special assessments, water rates, fire and other ~~property~~ insurance premiums;
  - (III) interest on the note secured hereby;
  - (IV) amortization of the principal of said note.

18. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such items shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) of the preceding paragraph shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development, acting by and through the Commissioner under the Contract of Mortgage Insurance;

19. IN THE EVENT of default in making any monthly payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant or agreement herein stipulated, then the whole of said principal sum remaining unpaid together with accrued interest thereon, shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclosure this mortgage;

20. AND IN CASE OF FORECLOSURE of this mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five per centum (5%) of the amount of the principal indebtedness found to be due, and for stenographers' fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays for documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this mortgage, its costs and expenses, and the reasonable

fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this mortgage;

21. AND THERE SHALL BE INCLUDED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) all the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified in the note, from the time such advances are made; (3) all the accrued interest remaining unpaid on the indebtedness hereby secured; (4) all the said principal money remaining unpaid. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

22. A RECONVEYANCE of said premiums shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made by the Mortgagor, and the payment of the reasonable fees of said Mortgagee.

23. IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

24. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this mortgage;

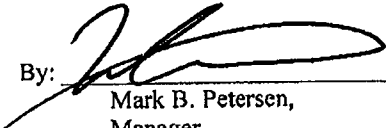
25. THE COVENANTS HEREIN CONTAINED shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

26. Notwithstanding any other provision contained herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Mortgagor for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the "Collateral" (defined below) in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and/or bar its interest in the Collateral, provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Mortgagor under the Regulatory Agreement herein referred to and made a part hereof. As used herein, "Collateral" shall mean and include (i) the property subject to this Mortgage and to the rents, issues and profits thereof; (ii) the tangible and intangible property described in any and all security agreements (whether executed by the Mortgagor, any lessee or operator of the property or any portion thereof, or any other party) which now or hereafter secure the Note and the proceeds and products thereof; (iii) any and all escrows and reserves now or hereafter required by the Mortgagee and/or the Secretary of Housing and Urban Development in connection with the property subject to this Mortgage (including, to the extent applicable, replacement reserves accounts, residual receipts accounts, escrows for insurance premiums, mortgage insurance premiums, ground rents, taxes, assessments, utility charges and other impositions, and escrows for working capital, operating deficits, repairs, latent defects, and offsite improvements); and (iv) any and all property now or hereafter mortgaged, pledged, conveyed or assigned to secure payment of the Note and the rents, issues, profits, proceeds and products thereof.

*[See following page for signatures]*

IN WITNESS WHEREOF, the Mortgagor has executed this mortgage as of the date first above written.

**PETERSEN 30, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) SS:

I, Barbara Hart, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Mark B. Petersen, the Manager of Petersen 30, LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunder duly authorized, signed and delivered said instrument as the free and voluntary act of said limited liability company, and as his own free and voluntary act, for the uses and purposes set forth therein.

GIVEN, under my hand and notarial seal this 5 day of April, 2013.

  
Notary Public

My commission expires 11-23-14



STATE OF ILLINOIS  
Loan No. 072-22125

**Mortgage**

PETERSEN 30, LLC  
TO  
LANCASTER POLLARD MORTGAGE COMPANY

Doc. No.

Filed for Record in the Recorder's Office of \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ m., of \_\_\_\_\_ and duly recorded in Book \_\_\_\_\_, page \_\_\_\_\_

\_\_\_\_\_  
Clerk

258161-P



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

WHITE OAK REHAB & HEALTH CENTER  
FHA PROJECT NO. 072-22125

### ASSIGNMENT OF LEASES RIDER TO MORTGAGE

This Assignment of Leases Rider to Mortgage (the "Rider") is dated as of April 1, 2013 and is incorporated by reference into that certain Mortgage dated of even date herewith (the "Mortgage") by and between **PETERSEN 30, LLC, an Illinois limited liability company** ("Mortgagor"), for the benefit of **LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation** ("Mortgagee") as if fully set forth therein.

1. Mortgagor hereby assigns, grants and transfers over to Mortgagee, its successors and assigns, all interest of the Mortgagor in and under each of (a) that certain HUD Facilities Master Lease by and between Mortgagor, and others, as "Landlord", and Petersen MT, LLC, an Illinois limited liability company as "Tenant", dated as of April 1, 2013, as the same has been amended or modified, together with any subsequent leases affecting the property described in the Mortgage (the "Leases"), together with all rents, income, revenues and profits now due, or which may become due, under the Leases or arising otherwise out of the property covered by this Mortgage (the "Property"), or any interest therein, together with all rights which Mortgagor may have against all tenants or others under said Leases or otherwise in connection with the Property (collectively, the "Rents"), and including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Leases whereby Tenant grants to Mortgagor a security interest in certain assets of Tenant; and (b) that certain Sublease by and between Tenant and Petersen Management Company, LLC, an Illinois limited liability company ("Subtenant"), dated as of April 1, 2013 ( the "Sublease"), including without limitation the rights and interests of Mortgagor as secured party under those provisions of the Sublease whereby Subtenant grants to Mortgagor a security interest in certain assets of Subtenant, including Subtenant's accounts receivable, licenses, provider agreements and certificates of need. This assignment is subject to a license hereby reserved to Mortgagor, but limited as hereinafter provided, to collect said Rents. For purposes of the security interests and rights of Mortgagor, as secured party, under each of the Leases and Sublease and which are assigned to Mortgagee under this Section 1, Mortgagor and Mortgagee agree that the term "Mortgagee" shall mean and include both the Mortgagee first named above and U.S. Department of Housing and Urban Development. Mortgagor hereby acknowledges and represents to Mortgagee and to the U.S. Department of Housing and Urban Development that the Sublease was expressly assigned by Tenant to Mortgagor pursuant to the express provisions of the Lease and that Tenant expressly acknowledged and agreed in the Lease that the Tenant's interests in the Sublease that were assigned to Mortgagor shall be assigned by Mortgagor to Mortgagee. This Rider effects the said assignment of the Sublease to Mortgagee.

2. Mortgagor agrees to timely perform and discharge all obligations of Mortgagor as Landlord under the Lease.

3. Mortgagor further agrees not to receive or collect any Rents in advance, nor pledge, or assign future Rents, nor release or discharge any Tenant thereof from any obligation under the Lease; nor to cancel, modify, extend or renew any Lease or dispossess any Tenant without the prior written approval of Mortgagee.

4. So long as Mortgagor shall not be in default hereunder, Mortgagor shall have the license reserved hereby to collect all Rents.

5. Upon default by Mortgagor under any provision of the Mortgage (including this Rider), Mortgagee may, at its option, terminate the license of Mortgagor to collect the Rents and bring an action to appoint a receiver to enter upon, take possession of, manage and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect, and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Mortgagor could do if personally present, and Mortgagee shall, after payment of all

expenses, credit the net amount of income which it may receive to the indebtedness secured hereby, in the manner, order and amounts as Mortgagee shall determine.

6. In the event Tenant defaults under its Lease with Mortgagor entitling Mortgagor, as Landlord, under the Lease to cause a receiver to be appointed to operate the Property, and after ten (10) days written notice from Mortgagee to Mortgagor directing Mortgagor to take such actions as are required to have a receiver appointed to so operate the Property, Mortgagor fails to commence such actions and diligently pursue them to completion, such failure shall be a default by Mortgagor under this Mortgage entitling Mortgagee to exercise its rights and remedies under this Mortgage and applicable law. In addition, upon such default or other default by Mortgagor under this Mortgage or the Note secured by this Mortgage that is not cured within any applicable cure period, Mortgagee may initiate such actions as may be necessary, whether in Mortgagee's name or in the name of, and/or in the place of Mortgagor, to have a receiver appointed to operate the Property.

7. Notwithstanding anything herein to the contrary, acceptance by Mortgagee of this assignment shall not constitute Mortgagee a mortgagee in possession, or obligate Mortgagee to appear in or defend any action or proceeding relating to the Rents, Leases, Sublease, or the Property, or to take any action hereunder, or incur any expenses; nor shall Mortgagee be liable for any injury or damage to person or property sustained by any persons, in or about the Property. This assignment is an assignment of rights only, and not a delegation of duties.

8. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney, coupled with an interest, in the name of Mortgagor, to subordinate any Lease to the lien of this Mortgage and to collect all Rents payable under the Leases upon termination of the license herein granted. This assignment shall constitute a direction to and full authority to Tenant and any tenant under the Leases to pay all Rents to Mortgagee. The foregoing powers are irrevocable, continuing, and exclusive in Mortgagee, its successors and assigns.

9. Upon payment in full of the indebtedness secured by this Mortgage, this assignment shall be of no further force and effect and Mortgagee shall execute such documents, in recordable form, as may be required or needed to reconvey and/or rescind this assignment.

# **Exhibit D**

PALM TERRACE OF MATTOON  
FHA PROJECT NO. 072-22127

### SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of the 1<sup>st</sup> day of April 2013, by and between **PETERSEN 23, LLC**, a limited liability company organized and existing under the laws of the State of Illinois, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 ("Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of the State of Ohio and having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

#### Recitals

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to the Debtor in the maximum principal amount of \$4,673,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Debtor in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a skilled nursing facility project known as Palm Terrace of Mattoon, FHA Project No. 072-22127 (the "Project") located at 1000 Palm Avenue, Mattoon, Illinois 61938, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Project is the subject of the Regulatory Agreement between the Debtor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Debtor (i) granted to the Secured Party the Mortgage, dated as of even date herewith, encumbering the Project, which has been or is concurrently herewith being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage") and (ii) is entering into this Agreement with the Secured Party. The Note, the Mortgage, this Agreement, the Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Debtor to the Secured Party and/or HUD in connection with, or related to, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits, and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" and "Government Payments" (each as defined below).

**Statement of Agreement**

**1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Debtor hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Debtor's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Debtor to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Debtor of, any and all funds, monies, securities and other property held in escrow or for the account of the Debtor pursuant to the Loan Documents, against any amount payable by the Debtor under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Debtor).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

(d) The Debtor hereby assigns and transfers to Secured Party all of Debtor's rights, titles and interests in, to and under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Project and all of Debtor's rights, titles and interests in the collateral described therein.

**2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Debtor promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Debtor has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Debtor has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security

interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Debtor keeps all tangible Collateral at the Property; (vi) all trade names, assumed names, fictitious names and other names used by the Debtor during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Debtor has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Debtor's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Debtor's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; (x) Debtor's organizational number (if any) as assigned by the State in which Debtor is organized is the number identified as Debtor's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Debtor has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Debtor will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any) and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Debtor will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Permitted Liens and except to the extent expressly permitted pursuant to Section 19 hereof. The Debtor, at the Secured Party's request, will defend the Collateral against the claims and demands of any other individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Debtor in the operation of the Project. Until an Event of Default (as defined below) occurs, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Debtor will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Debtor will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Debtor, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements



or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Debtor will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Debtor will give the Secured Party not less than 30 days prior written notice of any change of (A) Debtor's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Debtor will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Debtor may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Debtor's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Debtor will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Debtor is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Debtor will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Debtor will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Debtor operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Debtor with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Debtor will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Debtor's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Debtor, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to

herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Debtor will take all reasonable steps to cause each Depository Bank to provide to the Secured Party (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Debtor. The Debtor authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Debtor receives no Government Payments, the Debtor will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Debtor will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Debtor shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Debtor shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Debtor in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Debtor that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Debtor will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Debtor shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Debtor to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Debtor will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Debtor will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Debtor will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for

preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Debtor to Secured Party under this Section 4 will be paid by the Debtor upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Debtor's records pertaining to the Collateral. The Debtor will keep accurate and complete records of the Collateral. The Debtor will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Debtor will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism, and such other risks as the Secured Party may require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. In addition, the Debtor will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. The Debtor covenants to pay to the Secured Party, together with monthly payments under the Note, installments on account of the premiums that will next become due and payable on such liability and business interruption insurance, the payment amounts to be determined in the same manner and the payments to be applied in the same priority as specified in the Mortgage with respect to payments of property insurance premiums. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Debtor will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Debtor will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Debtor, will be an "Event of Default" under this Agreement:

(a) The Debtor does not pay when due any of the Obligations, subject to any grace period provided under the Note;

(b) The Debtor does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under any of the Loan Documents (exclusive of this Agreement, which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Debtor, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Debtor of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Debtor's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Debtor without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Debtor for the benefit of creditors, or the Debtor dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Debtor is dissolved and liquidation of the Debtor is commenced in accordance with the Debtor's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Debtor changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Debtor expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as

defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Debtor thereto and shares of Debtor therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Debtor, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Debtor hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Debtor agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Debtor further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Debtor hereby waiving the application of any doctrine of marshaling.

(e) The Debtor shall cooperate in any legal and lawful manner necessary or required to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Debtor's name, place and stead. For this purpose and to the extent not prohibited by applicable law with respect to Healthcare Assets, Debtor irrevocably appoints the Secured Party, its successors and assigns, as Debtor's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Debtor. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Debtor nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT; JOINT OBLIGATIONS.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Debtor will bind its heirs, personal representatives and permitted successors and assigns; however, the Debtor may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party. If there be more than one Debtor, their obligations, agreements and duties under this Agreement are made jointly and severally.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or

superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO DEBTOR, SECURED PARTY AND DEBTOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. DEBTOR FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Debtor until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Debtor agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Debtor, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Debtor and to name therein the Debtor as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Debtor as debtor and the Secured Party and/or HUD as secured parties. The Debtor hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Debtor, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Debtor and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Debtor under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Debtor to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and/or HUD's interests in the Collateral. Without limiting the generality of the

foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Debtor's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Debtor will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Debtor under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Debtor to the Secured Party; however, nothing in this Agreement will be deemed to give to the Debtor the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail, or (c) by overnight delivery carrier for next day delivery, in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, to the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Debtor makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Debtor shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Debtor alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Debtor as a result thereof.



(c) Limitations. In no event, however, shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.** This Section 19 shall apply when the Debtor operates the Project, and there is no lease of the Premises. In all other instances, there shall be no accounts receivable financing under this Section.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Debtor in and to the following, in each case arising from the Debtor's operation of the Project in the ordinary course of the Debtor's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Debtor's equipment, inventory or other goods, other than accounts arising from the sale of Debtor's inventory in the ordinary course of the Debtor's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Debtor.

"Eligible AR Loan" means a loan or line of credit obtained by the Debtor from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender and the Debtor, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of the Secured Party and HUD, the Debtor may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral"

(composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s). As used herein, "Material Term" means a term in a loan or security agreement that (1) extends the maturity date of the loan, (2) adds guarantors to the loan, (3) releases guarantors from the loan, (4) adds borrowers to the loan, (5) adds an interest reserve to the loan, (6) amends the interest rate payable on the outstanding principal balance of the loan, (7) increases or decreases the principal amount of the loan, (8) adds collateral as additional security for the loan, and/or (9) amends or expands the type of obligations secured by the loan.

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Debtor shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Debtor shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Debtor regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of

any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

**20. PROJECT CAPITAL NEEDS ASSESSMENTS.** Debtor agrees to pay the cost of Project Capital Needs Assessments ("PCNA Reports") that may be required after the date hereof by HUD (for periodic ten (10) year re-evaluation of the amount of deposits to the reserve fund for replacements created under the Regulatory Agreement), pursuant to any HUD requirement (including, but not limited to, the commitment issued by HUD to insure the Loan). Without limiting the above obligation, Debtor authorizes Secured Party to make withdrawals for this purpose from the reserve fund for replacements created under the Regulatory Agreement. The Debtor shall cooperate in any legal and lawful manner necessary to obtain PCNA Reports, including, but not limited to, providing access to the Property and copies of all reports, documents relating to past capital expenditures and any other information reasonably requested by the party preparing the PCNA Reports, the Secured Party and/or HUD.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Debtor with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents may be amended, altered or changed other than in a writing signed by the Secured Party and the Debtor. The Debtor's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Debtor with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Debtor and Secured Party hereby agree that HUD shall be an additional

secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Debtor and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]



**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**DEBTOR:**

**PETERSEN 23, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_

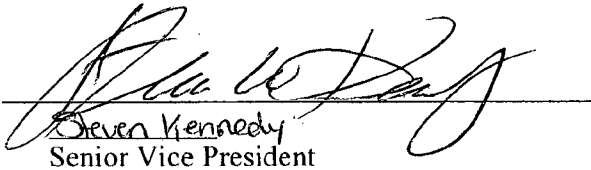
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By: \_\_\_\_\_

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A TO SECURITY AGREEMENT**  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

**EXHIBIT B TO SECURITY AGREEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this Security Agreement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;



e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management

contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises;

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein; and

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.



**EXHIBIT C TO SECURITY AGREEMENT**

**Other Names Used by Debtor in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Debtor's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* **None**

*Letters of Credit:* **None**

*Electronic Chattel Paper:* **None**

*Commercial Tort Claims:* **None**

*Instruments (including promissory notes):* **None**

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
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N/A

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Debtor's obligations in this regard.

FLORA HEALTH CENTER  
FHA Project No. 072-22124

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of the 1<sup>st</sup> day of April 2013, by and between **PETERSEN 26, LLC**, a limited liability company organized and existing under the laws of the State of Illinois, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 ("Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of the State of Ohio and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

### Recitals

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to the Debtor in the maximum principal amount of **\$3,824,000** (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Debtor in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a nursing home project known as Flora Health Center, FHA Project No. 22124 (the "Project") located at 232 Given Street, Flora, IL 62839 as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Project is the subject of the Regulatory Agreement between the Debtor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Debtor (i) granted to the Secured Party the Mortgage, dated as of even date herewith, encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage") and (ii) is entering into this Agreement with the Secured Party. The Note, the Mortgage, this Agreement, the Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Debtor to the Secured Party and/or HUD in connection with, or related to, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits, and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" and "Government Payments" (each as defined below).

**Statement of Agreement**

**1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Debtor hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Debtor's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Debtor to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Debtor of, any and all funds, monies, securities and other property held in escrow or for the account of the Debtor pursuant to the Loan Documents, against any amount payable by the Debtor under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Debtor).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

(d) The Debtor hereby assigns and transfers to Secured Party all of Debtor's rights, titles and interests in, to and under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Project and all of Debtor's rights, titles and interests in the collateral described therein.

**2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Debtor promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Debtor has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Debtor has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security

interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Debtor keeps all tangible Collateral at the Property; (vi) all trade names, assumed names, fictitious names and other names used by the Debtor during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Debtor has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Debtor's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Debtor's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; (x) Debtor's organizational number (if any) as assigned by the State in which Debtor is organized is the number identified as Debtor's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Debtor has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Debtor will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any) and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Debtor will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Permitted Liens and except to the extent expressly permitted pursuant to Section 19 hereof. The Debtor, at the Secured Party's request, will defend the Collateral against the claims and demands of any other individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Debtor in the operation of the Project. Until an Event of Default (as defined below) occurs, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Debtor will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Debtor will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Debtor, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements

or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Debtor will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Debtor will give the Secured Party not less than 30 days prior written notice of any change of (A) Debtor's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Debtor will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Debtor may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Debtor's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Debtor will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Debtor is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Debtor will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Debtor will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Debtor operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Debtor with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Debtor will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Debtor's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Debtor, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to

herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Debtor will take all reasonable steps to cause each Depository Bank to provide to the Secured Party (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Debtor. The Debtor authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Debtor receives no Government Payments, the Debtor will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Debtor will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Debtor shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Debtor shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Debtor in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Debtor that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Debtor will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Debtor shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Debtor to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Debtor will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Debtor will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Debtor will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for



preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Debtor to Secured Party under this Section 4 will be paid by the Debtor upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Debtor's records pertaining to the Collateral. The Debtor will keep accurate and complete records of the Collateral. The Debtor will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Debtor will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism, and such other risks as the Secured Party may require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. In addition, the Debtor will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. The Debtor covenants to pay to the Secured Party, together with monthly payments under the Note, installments on account of the premiums that will next become due and payable on such liability and business interruption insurance, the payment amounts to be determined in the same manner and the payments to be applied in the same priority as specified in the Mortgage with respect to payments of property insurance premiums. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Debtor will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Debtor will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Debtor, will be an "Event of Default" under this Agreement:

(a) The Debtor does not pay when due any of the Obligations, subject to any grace period provided under the Note;

(b) The Debtor does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under any of the Loan Documents (exclusive of this Agreement, which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Debtor, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Debtor of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Debtor's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Debtor without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Debtor for the benefit of creditors, or the Debtor dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Debtor is dissolved and liquidation of the Debtor is commenced in accordance with the Debtor's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Debtor changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Debtor expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as

defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Debtor thereto and shares of Debtor therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Debtor, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Debtor hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Debtor agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Debtor further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Debtor hereby waiving the application of any doctrine of marshaling.

(e) The Debtor shall cooperate in any legal and lawful manner necessary or required to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Debtor's name, place and stead. For this purpose and to the extent not prohibited by applicable law with respect to Healthcare Assets, Debtor irrevocably appoints the Secured Party, its successors and assigns, as Debtor's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Debtor. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Debtor nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT; JOINT OBLIGATIONS.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Debtor will bind its heirs, personal representatives and permitted successors and assigns; however, the Debtor may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party. If there be more than one Debtor, their obligations, agreements and duties under this Agreement are made jointly and severally.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or

superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO DEBTOR, SECURED PARTY AND DEBTOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. DEBTOR FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Debtor until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Debtor agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Debtor, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Debtor and to name therein the Debtor as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Debtor as debtor and the Secured Party and/or HUD as secured parties. The Debtor hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Debtor, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Debtor and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Debtor under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Debtor to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and/or HUD's interests in the Collateral. Without limiting the generality of the

foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Debtor's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Debtor will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Debtor under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Debtor to the Secured Party; however, nothing in this Agreement will be deemed to give to the Debtor the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail, or (c) by overnight delivery carrier for next day delivery, in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, to the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Debtor makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Debtor shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Debtor alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Debtor as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.** This Section 19 shall apply when the Debtor operates the Project, and there is no lease of the Premises. In all other instances, there shall be no accounts receivable financing under this Section.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Debtor in and to the following, in each case arising from the Debtor's operation of the Project in the ordinary course of the Debtor's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Debtor's equipment, inventory or other goods, other than accounts arising from the sale of Debtor's inventory in the ordinary course of the Debtor's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Debtor.

"Eligible AR Loan" means a loan or line of credit obtained by the Debtor from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender and the Debtor, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of the Secured Party and HUD, the Debtor may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral"

(composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s). As used herein, "Material Term" means a term in a loan or security agreement that (1) extends the maturity date of the loan, (2) adds guarantors to the loan, (3) releases guarantors from the loan, (4) adds borrowers to the loan, (5) adds an interest reserve to the loan, (6) amends the interest rate payable on the outstanding principal balance of the loan, (7) increases or decreases the principal amount of the loan, (8) adds collateral as additional security for the loan, and/or (9) amends or expands the type of obligations secured by the loan.

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Debtor shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Debtor shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Debtor regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of



any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

**20. PROJECT CAPITAL NEEDS ASSESSMENTS.** Debtor agrees to pay the cost of Project Capital Needs Assessments ("PCNA Reports") that may be required after the date hereof by HUD (for periodic ten (10) year re-evaluation of the amount of deposits to the reserve fund for replacements created under the Regulatory Agreement), pursuant to any HUD requirement (including, but not limited to, the commitment issued by HUD to insure the Loan). Without limiting the above obligation, Debtor authorizes Secured Party to make withdrawals for this purpose from the reserve fund for replacements created under the Regulatory Agreement. The Debtor shall cooperate in any legal and lawful manner necessary to obtain PCNA Reports, including, but not limited to, providing access to the Property and copies of all reports, documents relating to past capital expenditures and any other information reasonably requested by the party preparing the PCNA Reports, the Secured Party and/or HUD.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Debtor with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents may be amended, altered or changed other than in a writing signed by the Secured Party and the Debtor. The Debtor's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Debtor with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Debtor and Secured Party hereby agree that HUD shall be an additional

secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Debtor and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.


[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**DEBTOR:**

**PETERSEN 26, LLC,**  
an Illinois limited liability company

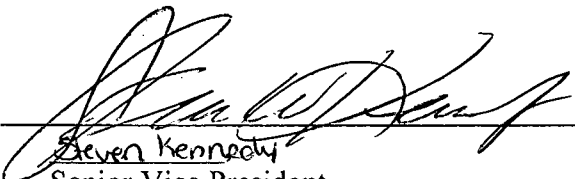
By: \_\_\_\_\_

  
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

TRACT I:

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

TRACT II:

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**EXHIBIT B TO SECURITY AGREEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this Security Agreement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now

or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises;

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein; and

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.



**EXHIBIT C TO SECURITY AGREEMENT**

**Other Names Used by Debtor in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Debtor's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* **None**

*Letters of Credit:* **None**

*Electronic Chattel Paper:* **None**

*Commercial Tort Claims:* **None**

*Instruments (including promissory notes):* **None**

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
-----------------------	------------------------	---	--

N/A

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Debtor's obligations in this regard.

TOULON REHAB & HEALTH CENTER  
FHA Project No. 071-22262

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of the 1<sup>st</sup> day of April 2013, by and between **PETERSEN 27, LLC**, a limited liability company organized and existing under the laws of the State of Illinois, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 ("Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of the State of Ohio and having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to the Debtor in the maximum principal amount of \$5,272,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Debtor in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a skilled nursing facility project known as Toulon Health Center, FHA Project No. 071-22262 (the "Project") located at 700 East Main Street, Toulon, Stark County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Project is the subject of the Regulatory Agreement between the Debtor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Debtor (i) granted to the Secured Party the Mortgage, dated as of even date herewith, encumbering the Project, which has been or is concurrently herewith being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage") and (ii) is entering into this Agreement with the Secured Party. The Note, the Mortgage, this Agreement, the Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Debtor to the Secured Party and/or HUD in connection with, or related to, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits, and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" and "Government Payments" (each as defined below).

**Statement of Agreement**

**1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Debtor hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Debtor's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Debtor to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Debtor of, any and all funds, monies, securities and other property held in escrow or for the account of the Debtor pursuant to the Loan Documents, against any amount payable by the Debtor under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Debtor).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

(d) The Debtor hereby assigns and transfers to Secured Party all of Debtor's rights, titles and interests in, to and under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Project and all of Debtor's rights, titles and interests in the collateral described therein.

**2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Debtor promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Debtor has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Debtor has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security

interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Debtor keeps all tangible Collateral at the Property; (vi) all trade names, assumed names, fictitious names and other names used by the Debtor during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Debtor has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Debtor's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Debtor's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; (x) Debtor's organizational number (if any) as assigned by the State in which Debtor is organized is the number identified as Debtor's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Debtor has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Debtor will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any) and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Debtor will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Permitted Liens and except to the extent expressly permitted pursuant to Section 19 hereof. The Debtor, at the Secured Party's request, will defend the Collateral against the claims and demands of any other individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Debtor in the operation of the Project. Until an Event of Default (as defined below) occurs, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Debtor will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Debtor will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Debtor, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements

or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Debtor will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Debtor will give the Secured Party not less than 30 days prior written notice of any change of (A) Debtor's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Debtor will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Debtor may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Debtor's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Debtor will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Debtor is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Debtor will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Debtor will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Debtor operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Debtor with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Debtor will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Debtor's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Debtor, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to

herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Debtor will take all reasonable steps to cause each Depository Bank to provide to the Secured Party (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Debtor. The Debtor authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Debtor receives no Government Payments, the Debtor will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Debtor will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Debtor shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Debtor shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Debtor in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Debtor that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Debtor will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Debtor shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Debtor to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Debtor will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Debtor will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Debtor will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for

preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Debtor to Secured Party under this Section 4 will be paid by the Debtor upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Debtor's records pertaining to the Collateral. The Debtor will keep accurate and complete records of the Collateral. The Debtor will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Debtor will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism, and such other risks as the Secured Party may require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. In addition, the Debtor will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. The Debtor covenants to pay to the Secured Party, together with monthly payments under the Note, installments on account of the premiums that will next become due and payable on such liability and business interruption insurance, the payment amounts to be determined in the same manner and the payments to be applied in the same priority as specified in the Mortgage with respect to payments of property insurance premiums. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Debtor will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Debtor will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Debtor, will be an "Event of Default" under this Agreement:

(a) The Debtor does not pay when due any of the Obligations, subject to any grace period provided under the Note;

(b) The Debtor does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under any of the Loan Documents (exclusive of this Agreement, which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Debtor, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Debtor of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Debtor's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Debtor without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Debtor for the benefit of creditors, or the Debtor dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Debtor is dissolved and liquidation of the Debtor is commenced in accordance with the Debtor's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Debtor changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Debtor expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as



defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Debtor thereto and shares of Debtor therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Debtor, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Debtor hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Debtor agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Debtor further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Debtor hereby waiving the application of any doctrine of marshaling.

(e) The Debtor shall cooperate in any legal and lawful manner necessary or required to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Debtor's name, place and stead. For this purpose and to the extent not prohibited by applicable law with respect to Healthcare Assets, Debtor irrevocably appoints the Secured Party, its successors and assigns, as Debtor's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Debtor. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Debtor nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT; JOINT OBLIGATIONS.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Debtor will bind its heirs, personal representatives and permitted successors and assigns; however, the Debtor may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party. If there be more than one Debtor, their obligations, agreements and duties under this Agreement are made jointly and severally.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or

superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO DEBTOR, SECURED PARTY AND DEBTOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. DEBTOR FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Debtor until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Debtor agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Debtor, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Debtor and to name therein the Debtor as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Debtor as debtor and the Secured Party and/or HUD as secured parties. The Debtor hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Debtor, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Debtor and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Debtor under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Debtor to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and/or HUD's interests in the Collateral. Without limiting the generality of the

foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Debtor's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Debtor will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Debtor under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Debtor to the Secured Party; however, nothing in this Agreement will be deemed to give to the Debtor the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail, or (c) by overnight delivery carrier for next day delivery, in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, to the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Debtor makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Debtor shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Debtor alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Debtor as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.** This Section 19 shall apply when the Debtor operates the Project, and there is no lease of the Premises. In all other instances, there shall be no accounts receivable financing under this Section.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Debtor in and to the following, in each case arising from the Debtor's operation of the Project in the ordinary course of the Debtor's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Debtor's equipment, inventory or other goods, other than accounts arising from the sale of Debtor's inventory in the ordinary course of the Debtor's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Debtor.

"Eligible AR Loan" means a loan or line of credit obtained by the Debtor from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender and the Debtor, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of the Secured Party and HUD, the Debtor may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral"

(composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s). As used herein, "Material Term" means a term in a loan or security agreement that (1) extends the maturity date of the loan, (2) adds guarantors to the loan, (3) releases guarantors from the loan, (4) adds borrowers to the loan, (5) adds an interest reserve to the loan, (6) amends the interest rate payable on the outstanding principal balance of the loan, (7) increases or decreases the principal amount of the loan, (8) adds collateral as additional security for the loan, and/or (9) amends or expands the type of obligations secured by the loan.

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Debtor shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Debtor shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Debtor regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of

any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

**20. PROJECT CAPITAL NEEDS ASSESSMENTS.** Debtor agrees to pay the cost of Project Capital Needs Assessments ("PCNA Reports") that may be required after the date hereof by HUD (for periodic ten (10) year re-evaluation of the amount of deposits to the reserve fund for replacements created under the Regulatory Agreement), pursuant to any HUD requirement (including, but not limited to, the commitment issued by HUD to insure the Loan). Without limiting the above obligation, Debtor authorizes Secured Party to make withdrawals for this purpose from the reserve fund for replacements created under the Regulatory Agreement. The Debtor shall cooperate in any legal and lawful manner necessary to obtain PCNA Reports, including, but not limited to, providing access to the Property and copies of all reports, documents relating to past capital expenditures and any other information reasonably requested by the party preparing the PCNA Reports, the Secured Party and/or HUD.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Debtor with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents may be amended, altered or changed other than in a writing signed by the Secured Party and the Debtor. The Debtor's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Debtor with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Debtor and Secured Party hereby agree that HUD shall be an additional

secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Debtor and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]



**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**DEBTOR:**

**PETERSEN 27, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



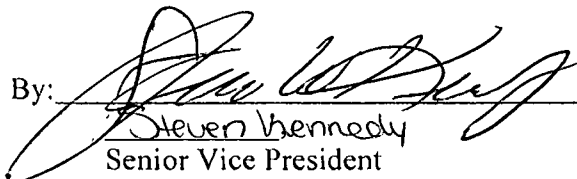
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**EXHIBIT B TO SECURITY AGREEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this Security Agreement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management

contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises;

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein; and

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.



**EXHIBIT C TO SECURITY AGREEMENT**

**Other Names Used by Debtor in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Debtor's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* **None**

*Letters of Credit:* **None**

*Electronic Chattel Paper:* **None**

*Commercial Tort Claims:* **None**

*Instruments (including promissory notes):* **None**

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
-----------------------	------------------------	---	--

N/A

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Debtor's obligations in this regard.

**MT. VERNON HEALTH CENTER  
FHA Project No. 072-22123**

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of the 1<sup>st</sup> day of April 2013, by and between **PETERSEN 29, LLC**, a limited liability company organized and existing under the laws of the State of Illinois, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 ("Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of the State of Ohio and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to the Debtor in the maximum principal amount of \$2,146,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Debtor in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a skilled nursing facility project known as Mt. Vernon Health Center, FHA Project No. 072-22123 (the "Project") located at #5 Doctor's Park Road, Mt. Vernon, Illinois 62864, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Project is the subject of the Regulatory Agreement between the Debtor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Debtor (i) granted to the Secured Party the Mortgage, dated as of even date herewith, encumbering the Project, which has been or is concurrently herewith being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage") and (ii) is entering into this Agreement with the Secured Party. The Note, the Mortgage, this Agreement, the Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Debtor to the Secured Party and/or HUD in connection with, or related to, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits, and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" and "Government Payments" (each as defined below).

**Statement of Agreement**

**1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Debtor hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Debtor's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Debtor to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Debtor of, any and all funds, monies, securities and other property held in escrow or for the account of the Debtor pursuant to the Loan Documents, against any amount payable by the Debtor under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Debtor).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

(d) The Debtor hereby assigns and transfers to Secured Party all of Debtor's rights, titles and interests in, to and under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Project and all of Debtor's rights, titles and interests in the collateral described therein.

**2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Debtor promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Debtor has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Debtor has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security

interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Debtor keeps all tangible Collateral at the Property; (vi) all trade names, assumed names, fictitious names and other names used by the Debtor during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Debtor has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Debtor's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Debtor's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; (x) Debtor's organizational number (if any) as assigned by the State in which Debtor is organized is the number identified as Debtor's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Debtor has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Debtor will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any) and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Debtor will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Permitted Liens and except to the extent expressly permitted pursuant to Section 19 hereof. The Debtor, at the Secured Party's request, will defend the Collateral against the claims and demands of any other individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Debtor in the operation of the Project. Until an Event of Default (as defined below) occurs, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Debtor will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Debtor will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Debtor, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements

or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Debtor will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Debtor will give the Secured Party not less than 30 days prior written notice of any change of (A) Debtor's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Debtor will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Debtor may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Debtor's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Debtor will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Debtor is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Debtor will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Debtor will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Debtor operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Debtor with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Debtor will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Debtor's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Debtor, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to

herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Debtor will take all reasonable steps to cause each Depository Bank to provide to the Secured Party (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Debtor. The Debtor authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Debtor receives no Government Payments, the Debtor will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Debtor will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Debtor shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Debtor shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Debtor in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Debtor that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Debtor will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Debtor shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Debtor to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Debtor will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Debtor will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Debtor will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for

preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Debtor to Secured Party under this Section 4 will be paid by the Debtor upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Debtor's records pertaining to the Collateral. The Debtor will keep accurate and complete records of the Collateral. The Debtor will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Debtor will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism, and such other risks as the Secured Party may require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. In addition, the Debtor will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. The Debtor covenants to pay to the Secured Party, together with monthly payments under the Note, installments on account of the premiums that will next become due and payable on such liability and business interruption insurance, the payment amounts to be determined in the same manner and the payments to be applied in the same priority as specified in the Mortgage with respect to payments of property insurance premiums. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Debtor will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Debtor will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Debtor, will be an "Event of Default" under this Agreement:

(a) The Debtor does not pay when due any of the Obligations, subject to any grace period provided under the Note;

(b) The Debtor does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under any of the Loan Documents (exclusive of this Agreement, which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Debtor, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Debtor of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Debtor's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Debtor without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Debtor for the benefit of creditors, or the Debtor dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Debtor is dissolved and liquidation of the Debtor is commenced in accordance with the Debtor's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Debtor changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Debtor expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as



defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Debtor thereto and shares of Debtor therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Debtor, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Debtor hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Debtor agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Debtor further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Debtor hereby waiving the application of any doctrine of marshaling.

(e) The Debtor shall cooperate in any legal and lawful manner necessary or required to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Debtor's name, place and stead. For this purpose and to the extent not prohibited by applicable law with respect to Healthcare Assets, Debtor irrevocably appoints the Secured Party, its successors and assigns, as Debtor's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Debtor. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Debtor nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT; JOINT OBLIGATIONS.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Debtor will bind its heirs, personal representatives and permitted successors and assigns; however, the Debtor may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party. If there be more than one Debtor, their obligations, agreements and duties under this Agreement are made jointly and severally.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or

superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO DEBTOR, SECURED PARTY AND DEBTOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. DEBTOR FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Debtor until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Debtor agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Debtor, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Debtor and to name therein the Debtor as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Debtor as debtor and the Secured Party and/or HUD as secured parties. The Debtor hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Debtor, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Debtor and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Debtor under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Debtor to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and/or HUD's interests in the Collateral. Without limiting the generality of the

foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Debtor's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Debtor will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Debtor under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Debtor to the Secured Party; however, nothing in this Agreement will be deemed to give to the Debtor the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail, or (c) by overnight delivery carrier for next day delivery, in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, to the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Debtor makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Debtor shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Debtor alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Debtor as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.** This Section 19 shall apply when the Debtor operates the Project, and there is no lease of the Premises. In all other instances, there shall be no accounts receivable financing under this Section.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Debtor in and to the following, in each case arising from the Debtor's operation of the Project in the ordinary course of the Debtor's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Debtor's equipment, inventory or other goods, other than accounts arising from the sale of Debtor's inventory in the ordinary course of the Debtor's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Debtor.

"Eligible AR Loan" means a loan or line of credit obtained by the Debtor from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender and the Debtor, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of the Secured Party and HUD, the Debtor may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral"

(composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s). As used herein, "Material Term" means a term in a loan or security agreement that (1) extends the maturity date of the loan, (2) adds guarantors to the loan, (3) releases guarantors from the loan, (4) adds borrowers to the loan, (5) adds an interest reserve to the loan, (6) amends the interest rate payable on the outstanding principal balance of the loan, (7) increases or decreases the principal amount of the loan, (8) adds collateral as additional security for the loan, and/or (9) amends or expands the type of obligations secured by the loan.

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Debtor shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Debtor shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Debtor regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of

any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

**20. PROJECT CAPITAL NEEDS ASSESSMENTS.** Debtor agrees to pay the cost of Project Capital Needs Assessments ("PCNA Reports") that may be required after the date hereof by HUD (for periodic ten (10) year re-evaluation of the amount of deposits to the reserve fund for replacements created under the Regulatory Agreement), pursuant to any HUD requirement (including, but not limited to, the commitment issued by HUD to insure the Loan). Without limiting the above obligation, Debtor authorizes Secured Party to make withdrawals for this purpose from the reserve fund for replacements created under the Regulatory Agreement. The Debtor shall cooperate in any legal and lawful manner necessary to obtain PCNA Reports, including, but not limited to, providing access to the Property and copies of all reports, documents relating to past capital expenditures and any other information reasonably requested by the party preparing the PCNA Reports, the Secured Party and/or HUD.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Debtor with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents may be amended, altered or changed other than in a writing signed by the Secured Party and the Debtor. The Debtor's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Debtor with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Debtor and Secured Party hereby agree that HUD shall be an additional

secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Debtor and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]





**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**DEBTOR:**

**PETERSEN 29, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_

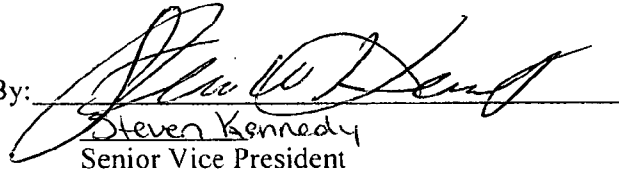
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**EXHIBIT B TO SECURITY AGREEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this Security Agreement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management

contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises;

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein; and

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

○ ○

**EXHIBIT C TO SECURITY AGREEMENT**

**Other Names Used by Debtor in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Debtor's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* **None**

*Letters of Credit:* **None**

*Electronic Chattel Paper:* **None**

*Commercial Tort Claims:* **None**

*Instruments (including promissory notes):* **None**

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
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N/A

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Debtor's obligations in this regard.

WHITE OAK REHAB & HEALTH CENTER  
FHA Project No. 072-22125

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of the 1<sup>st</sup> day of April 2013, by and between **PETERSEN 30, LLC**, a limited liability company organized and existing under the laws of the State of Illinois, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 ("Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, a corporation organized and existing under the laws of the State of Ohio and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to the Debtor in the maximum principal amount of **\$2,497,000.00** (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Debtor in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a nursing home project known as White Oak Rehab & Health Center, FHA Project No. 072-22125 (the "Project") located at 1700 White Street, Mt. Vernon, Jefferson County, Illinois 62864 as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Project is the subject of the Regulatory Agreement between the Debtor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Debtor (i) granted to the Secured Party the Mortgage, dated as of even date herewith, encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage") and (ii) is entering into this Agreement with the Secured Party. The Note, the Mortgage, this Agreement, the Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Debtor to the Secured Party and/or HUD in connection with, or related to, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits, and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" and "Government Payments" (each as defined below).



**Statement of Agreement**

**1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Debtor hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Debtor's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Debtor to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Debtor of, any and all funds, monies, securities and other property held in escrow or for the account of the Debtor pursuant to the Loan Documents, against any amount payable by the Debtor under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Debtor).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

(d) The Debtor hereby assigns and transfers to Secured Party all of Debtor's rights, titles and interests in, to and under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Project and all of Debtor's rights, titles and interests in the collateral described therein.

**2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Debtor promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Debtor has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Debtor has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security

interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Debtor keeps all tangible Collateral at the Property; (vi) all trade names, assumed names, fictitious names and other names used by the Debtor during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Debtor has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Debtor's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Debtor's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Debtor's exact legal name is as set forth in the first paragraph of this Agreement; (x) Debtor's organizational number (if any) as assigned by the State in which Debtor is organized is the number identified as Debtor's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Debtor has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Debtor will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any) and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Debtor will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Permitted Liens and except to the extent expressly permitted pursuant to Section 19 hereof. The Debtor, at the Secured Party's request, will defend the Collateral against the claims and demands of any other individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Debtor in the operation of the Project. Until an Event of Default (as defined below) occurs, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Debtor will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Debtor will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Debtor, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements

or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Debtor will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Debtor will give the Secured Party not less than 30 days prior written notice of any change of (A) Debtor's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Debtor will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Debtor may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Debtor's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Debtor will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Debtor is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Debtor will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Debtor will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Debtor operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Debtor with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Debtor will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Debtor's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Debtor, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to

herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Debtor will take all reasonable steps to cause each Depository Bank to provide to the Secured Party (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Debtor. The Debtor authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Debtor receives no Government Payments, the Debtor will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Debtor will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Debtor shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Debtor shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Debtor in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Debtor that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Debtor will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Debtor shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Debtor to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Debtor will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Debtor will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Debtor will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for

preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Debtor to Secured Party under this Section 4 will be paid by the Debtor upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Debtor's records pertaining to the Collateral. The Debtor will keep accurate and complete records of the Collateral. The Debtor will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Debtor will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism, and such other risks as the Secured Party may require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. In addition, the Debtor will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. The Debtor covenants to pay to the Secured Party, together with monthly payments under the Note, installments on account of the premiums that will next become due and payable on such liability and business interruption insurance, the payment amounts to be determined in the same manner and the payments to be applied in the same priority as specified in the Mortgage with respect to payments of property insurance premiums. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Debtor will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Debtor will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Debtor, will be an "Event of Default" under this Agreement:

(a) The Debtor does not pay when due any of the Obligations, subject to any grace period provided under the Note;

(b) The Debtor does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under any of the Loan Documents (exclusive of this Agreement, which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Debtor proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Debtor, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Debtor of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Debtor's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Debtor without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Debtor for the benefit of creditors, or the Debtor dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Debtor is dissolved and liquidation of the Debtor is commenced in accordance with the Debtor's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Debtor changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Debtor expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as

defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Debtor thereto and shares of Debtor therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Debtor, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Debtor hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Debtor agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Debtor further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Debtor hereby waiving the application of any doctrine of marshaling.

(e) The Debtor shall cooperate in any legal and lawful manner necessary or required to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Debtor's name, place and stead. For this purpose and to the extent not prohibited by applicable law with respect to Healthcare Assets, Debtor irrevocably appoints the Secured Party, its successors and assigns, as Debtor's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Debtor. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Debtor nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT; JOINT OBLIGATIONS.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Debtor will bind its heirs, personal representatives and permitted successors and assigns; however, the Debtor may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party. If there be more than one Debtor, their obligations, agreements and duties under this Agreement are made jointly and severally.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or



superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO DEBTOR, SECURED PARTY AND DEBTOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. DEBTOR FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Debtor until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Debtor agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Debtor, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Debtor and to name therein the Debtor as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Debtor as debtor and the Secured Party and/or HUD as secured parties. The Debtor hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Debtor, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Debtor and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Debtor under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Debtor to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and/or HUD's interests in the Collateral. Without limiting the generality of the

foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Debtor's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Debtor will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Debtor under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Debtor to the Secured Party; however, nothing in this Agreement will be deemed to give to the Debtor the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail, or (c) by overnight delivery carrier for next day delivery, in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, to the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Debtor makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Debtor shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Debtor alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Debtor as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Debtor, or to any other party claiming through the Debtor, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.** This Section 19 shall apply when the Debtor operates the Project, and there is no lease of the Premises. In all other instances, there shall be no accounts receivable financing under this Section.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Debtor in and to the following, in each case arising from the Debtor's operation of the Project in the ordinary course of the Debtor's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Debtor's equipment, inventory or other goods, other than accounts arising from the sale of Debtor's inventory in the ordinary course of the Debtor's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Debtor.

"Eligible AR Loan" means a loan or line of credit obtained by the Debtor from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender and the Debtor, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of the Secured Party and HUD, the Debtor may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral"

(composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Debtor and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s). As used herein, "Material Term" means a term in a loan or security agreement that (1) extends the maturity date of the loan, (2) adds guarantors to the loan, (3) releases guarantors from the loan, (4) adds borrowers to the loan, (5) adds an interest reserve to the loan, (6) amends the interest rate payable on the outstanding principal balance of the loan, (7) increases or decreases the principal amount of the loan, (8) adds collateral as additional security for the loan, and/or (9) amends or expands the type of obligations secured by the loan.

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Debtor shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Debtor shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Debtor regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of

any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

**20. PROJECT CAPITAL NEEDS ASSESSMENTS.** Debtor agrees to pay the cost of Project Capital Needs Assessments ("PCNA Reports") that may be required after the date hereof by HUD (for periodic ten (10) year re-evaluation of the amount of deposits to the reserve fund for replacements created under the Regulatory Agreement), pursuant to any HUD requirement (including, but not limited to, the commitment issued by HUD to insure the Loan). Without limiting the above obligation, Debtor authorizes Secured Party to make withdrawals for this purpose from the reserve fund for replacements created under the Regulatory Agreement. The Debtor shall cooperate in any legal and lawful manner necessary to obtain PCNA Reports, including, but not limited to, providing access to the Property and copies of all reports, documents relating to past capital expenditures and any other information reasonably requested by the party preparing the PCNA Reports, the Secured Party and/or HUD.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Debtor with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents may be amended, altered or changed other than in a writing signed by the Secured Party and the Debtor. The Debtor's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Debtor with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Debtor and Secured Party hereby agree that HUD shall be an additional

secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.


**IN WITNESS WHEREOF**, the Debtor and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**DEBTOR:**

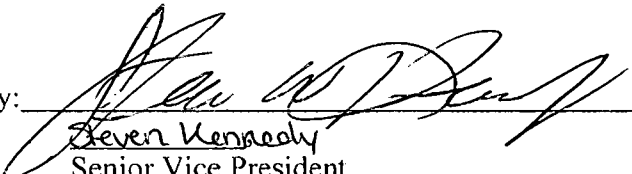
**PETERSEN 30, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_  
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SECURITY AGREEMENT**

**SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

**EXHIBIT B TO SECURITY AGREEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this Security Agreement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now

or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises;

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein; and

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

**EXHIBIT C TO SECURITY AGREEMENT**

**Other Names Used by Debtor in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Debtor's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* **None**

*Letters of Credit:* **None**

*Electronic Chattel Paper:* **None**

*Commercial Tort Claims:* **None**

*Instruments (including promissory notes):* **None**

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
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N/A

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Debtor's obligations in this regard.

# **Exhibit E**

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMMERCIAL CODE DIV.

2013 APR 24 PM 2:38

**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)  
**CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837845**

UCU104/24/13:01:9304:  
20.00 MU  
SOSIL 14:55 18192926 FS

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN 29, LLC</b>				MIDDLE NAME		SUFFIX	
OR 1b. INDIVIDUAL'S LAST NAME				FIRST NAME		COUNTRY	
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>				CITY <b>PEORIA</b>		STATE <b>IL</b>	POSTAL CODE <b>61614</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LIMITED LIABILITY COMPANY</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>		1g. ORGANIZATIONAL ID#, if any <b>03779017</b> <input type="checkbox"/> NONE		

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				MIDDLE NAME		SUFFIX	
OR 2b. INDIVIDUAL'S LAST NAME				FIRST NAME		COUNTRY	
2c. MAILING ADDRESS				CITY		STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				MIDDLE NAME		SUFFIX	
OR 3b. INDIVIDUAL'S LAST NAME				FIRST NAME		COUNTRY	
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>				CITY <b>COLUMBUS</b>		STATE <b>OH</b>	POSTAL CODE <b>43215</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable)	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BALOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	

OPTIONAL FILER REFERENCE DATA  
**Illinois Secretary of State**

**Mt. Vernon Health Center; FHA Project No. 072-22123**

f6



**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME

OR

**PETERSEN 29, LLC**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**11c. MAILING ADDRESS**

CITY

STATE

POSTAL CODE

COUNTRY

**11d. SEE INSTRUCTIONS**

ADD'L INFO RE ORGANIZATION DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

12a. ORGANIZATION'S NAME

OR

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**12c. MAILING ADDRESS**

**451 7TH STREET S.W.**

CITY

**WASHINGTON**

STATE

**DC**

POSTAL CODE

**20410**

COUNTRY

**USA**

13. This FINANCING STATEMENT covers  timber to be cut or  an extracted collateral, or is filed as a  fixture filing

**14. Description of real estate.**

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Mt. Vernon Health Center  
Project No.: 072-22123**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest)

**16. Additional collateral description:**

See Exhibit B attached hereto.

**17. Check only if applicable and check only one box.**

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

**18. Check only if applicable and check only one box.**

Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction—effective 30 years  
 Filed in connection with a Public-Finance Transaction—effective 30 years

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 29, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

(Attached hereto and incorporated by reference herein)

**LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED

(207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 29, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this UCC Financing Statement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c)

constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises; and

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein.

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

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20.00 NU  
SOSIL 14:55 18192926 FS

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1448  
 \$20.00 Electronic  
**09527104** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192926**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record  
 AND Check one of these three boxes to:  
 CHANGE name and/or address: Complete item 6a of 6b, and item 7a or 7b and item 7c  
 ADD name: Complete item 7a or 7b, and item 7c  
 DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
 LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62533404-54620647



RECEIVED

IL SECRETARY OF STATE

UCC FINANCING STATEMENT AMENDMENT

UNIFORM COMMERCIAL CODE

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<div style="border: 1px solid black; padding: 5px;">           Corporation Service Company            801 Adlai Stevenson Drive            Springfield, IL 62703            USA         </div>	

20221028 0944  
\$20.00 Electronic

09833386

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18192926

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN 29, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME			
INDIVIDUAL'S FIRST PERSONAL NAME			
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:  
Debtor: PETERSEN 29, LLC [241999829]



RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

2013 APR 24 PM 1:14

UCU104/24/13:01:9891:  
20.00 MU  
SOSIL 13:45 18192616 FS

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
David E. Barnes (513) 723-4000

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**

CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837703

**1. DEBTOR'S EXACT FULL LEGAL NAME -- insert only one debtor name (1a or 1b) -- do not abbreviate or combine names**

1a. ORGANIZATION'S NAME  
**PETERSEN MT, LLC**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DRIVE PEORIA IL 61614 USA**

1d. **SEE INSTRUCTIONS** ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any

**LIMITED LIABILITY COMPANY ILLINOIS 03779084**  NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -- insert only one debtor name (2a or 2b) -- do not abbreviate or combine names**

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. **SEE INSTRUCTIONS** ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any

NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) -- insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE)

8. OPTIONAL FILER REFERENCE DATA  
Illinois Secretary of State

Toulon Rehab & Health Center; FHA Project No. 071-22262

78

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME

OR

**PETERSEN MT, LLC**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -- insert only one name (11a or 11b) -- do not abbreviate or combine names**

OR

11a. ORGANIZATION'S NAME

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**11c. MAILING ADDRESS**

CITY

STATE

POSTAL CODE

COUNTRY

**11d. SEE INSTRUCTIONS**

ADDL INFO RE ORGANIZATION DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

**12.  ADDITIONAL SECURED PARTY'S of  ASSIGNOR S/P'S NAME -- insert only one name (12a or 12b)**

OR

12a. ORGANIZATION'S NAME

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, c/o OFFICE OF HEALTHCARE PROGRAMS**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**12c. MAILING ADDRESS**

**451 7TH STREET S.W.**

CITY

**WASHINGTON**

STATE

**DC**

POSTAL CODE

**20410**

COUNTRY

**USA**

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

**14. Description of real estate:**

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

**Project Name:**

**Toulon Rehab & Health Center**

**Project No.: 071-22262**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**PETERSEN 27, LLC**

**830 West Trailcreek Dr.**

**Peoria, IL 61614**

**16. Additional collateral description:**

See Exhibit B for a description of the collateral

**17. Check only if applicable and check only one box.**

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

**18. Check only if applicable and check only one box.**

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction

Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY

BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

**TRACT IV:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH

RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

**TRACT V:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037

04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;



(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

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20.00 MU  
SOSIL 13:45 18192616 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180205 1426  
 \$20.00 Electronic  
**09527808** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] <b>Lien Solutions</b> 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) <b>uccfilingreturn@wolterskluwer.com</b>	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) <b>LIEN SOLUTIONS</b> <b>P.O. Box 29071</b> <b>Glendale, CA, 91209-9071</b>	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192616**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in Item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE CO</b>			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62569376-54634168

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED

IL SECRETARY OF STATE

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221028 0939

\$20.00 Electronic

09833384

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18192616

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9  
For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:

This Change affects  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MT, LLC				
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

Debtor: PETERSEN MT, LLC [241999885]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

2013 APR 24 PM 2:39

UCU104/24/13:01:3905:  
 20.00 MU  
 SOSIL 14:58 18192934 FS

B. SEND ACKNOWLEDGMENT TO: (Name and Address)  
 CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837848

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN MT, LLC</b>						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>			CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>	COUNTRY <b>USA</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1a TYPE OF ORGANIZATION <b>LIMITED LIABILITY COMPANY</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>03779084</b>		<input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2a TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any		<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>			CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>	COUNTRY <b>USA</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.  
 See Exhibit B attached hereto for a description of the collateral.  
 Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOC  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Mt. Vernon Health Center; FHA Project No. 072-22123

+6

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

8a. ORGANIZATION'S NAME <b>PETERSEN MT, LLC</b>			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only ONE name (11a or 11b) - do not abbreviate or combine names**

OR					
11a. ORGANIZATION'S NAME					
11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
11d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

**12.  ADDITIONAL SECURED PARTY'S *or*  ASSIGNOR S/P'S NAME - insert only ONE name (12a or 12b)**

OR					
12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>					
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>

13. This FINANCING STATEMENT covers  timber to be cut or  oil-extracted collateral, or is filed as a  future filing.

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Mt. Vernon Health Center  
Project No.: 072-22123**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**PETERSEN 29, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check *only* if applicable and check *only* one box.  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check *only* if applicable and check *only* one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;**

**AND ALSO**

**AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE**

SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;



**(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;**

**(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;**

**(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;**

**(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.**

**(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;**

**(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;**

**(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.**

**(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and**

**(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.**

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**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1453  
 \$20.00 Electronic  
**09527108** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192934**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**5. PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  CHANGE name and/or address; Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

**6. CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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**7. CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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**8. COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

**9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

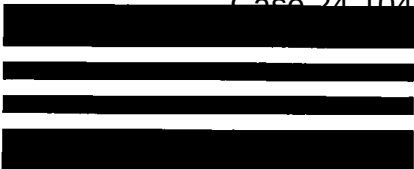
9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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**10. OPTIONAL FILER REFERENCE DATA**

IL-0-62533548-54620723



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221025 1027

\$20.00 Electronic

09832268

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18192934	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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- 2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
- 4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MT, LLC	OR		
6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME	OR		
7b. INDIVIDUAL'S SURNAME	INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY	OR		
9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MT, LLC [241999822]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

2013 APR 24 PH 2:11

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/24/13:02:9916:  
 20.00 MU  
 SOSIL 15:03 18193019 FS

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837775**

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**PETERSEN MT, LLC**

OR

1b. INDIVIDUAL'S LAST NAME: \_\_\_\_\_ FIRST NAME: \_\_\_\_\_ MIDDLE NAME: \_\_\_\_\_ SUFFIX: \_\_\_\_\_

1c. MAILING ADDRESS: **830 WEST TRAILCREEK DRIVE** CITY: **PEORIA** STATE: **IL** POSTAL CODE: **61614** COUNTRY: **USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION (limited liability company) 1f. JURISDICTION OF ORGANIZATION **ILLINOIS** 1g. ORGANIZATIONAL ID#, if any **03779084**  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME \_\_\_\_\_

OR

2b. INDIVIDUAL'S LAST NAME: \_\_\_\_\_ FIRST NAME: \_\_\_\_\_ MIDDLE NAME: \_\_\_\_\_ SUFFIX: \_\_\_\_\_

2c. MAILING ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ POSTAL CODE: \_\_\_\_\_ COUNTRY: \_\_\_\_\_

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME: \_\_\_\_\_ FIRST NAME: \_\_\_\_\_ MIDDLE NAME: \_\_\_\_\_ SUFFIX: \_\_\_\_\_

3c. MAILING ADDRESS: **65 EAST STATE STREET, 16TH FLOOR** CITY: **COLUMBUS** STATE: **OH** POSTAL CODE: **43215** COUNTRY: **USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOB  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Palm Terrace of Mattoon; FHA Project No. 072 - 2219

x6

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MT, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11d. <b>SEE INSTRUCTIONS</b>	ADDL. INFO ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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12.  **ADDITIONAL SECURED PARTY'S** or  **ASSIGNOR S/P'S** NAME - insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
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13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Palm Terrace of Mattoon**  
**Project No.: 072-22127**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**PETERSEN 23, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE**

RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938



**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

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IL SECRETARY OF STATE  
UNIFORM COMMERCIAL CODE

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\$20.00 Electronic

09524468 CT

# UCC FINANCING STATEMENT AMENDMENT

## FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER [optional] Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18193019**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:  
Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

### 6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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### 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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### 8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral Indicate collateral:

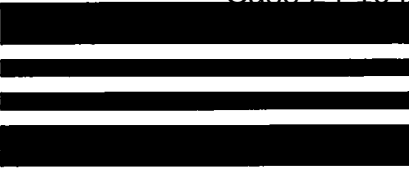
### 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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### 10. OPTIONAL FILER REFERENCE DATA IL-0-62369266-54560539



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221028 0944

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CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18193019	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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- 2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
- 4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MT, LLC				
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MT, LLC [241999878]

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SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
**David E. Barnes (513) 723-4000**

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**  
 CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837795

2013 APR 25 PM 2:16

UCU104/25/13:02:0086:  
20.00 MU  
SOSIL 14:31 18197219 FS

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME <b>PETERSEN MT, LLC</b>				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>		CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>
				COUNTRY <b>USA</b>
1d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LLC</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>03779084</b>
				<input type="checkbox"/> NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
2d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any
				<input type="checkbox"/> NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>		CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>
				COUNTRY <b>USA</b>

**4. This FINANCING STATEMENT covers the following collateral:**

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

*rlc*

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

**8. OPTIONAL FILER REFERENCE DATA**

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME			
PETERSEN MT, LLC			
OR	9b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME, SUFFIX	

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -- Insert only one name (11a or 11b) -- do not abbreviate or combine names**

OR				
11a. ORGANIZATION'S NAME				
11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
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11d. <u>SEE INSTRUCTIONS</u>	ADD. INFO RE ORGANIZATION DEBTOR	11a. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE
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12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME -- Insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME				
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>				
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
451 7TH STREET S.W.		WASHINGTON	DC	20410	USA

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:  
  
See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

Project Name: Flora Health Center  
Project No.: 072-22124

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

PETERSEN 26, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614

18. Additional collateral description:

See Exhibit B for a description of the collateral

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

**TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;**

**TRACT II:**

**146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;**

**WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

**A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:**

**BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B,**



PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389



(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

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**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180116 1403  
 \$20.00 Electronic  
**09523741** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **018197219**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a of 6b; and item 7a of 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
 LANCASTER POLLARD MORTGAGE COMPANY

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62317510-54540517



RECEIVED

UCC FINANCING STATEMENT AMENDMENT

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA

20221025 1021

\$20.00 Electronic

09832252

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197219
1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9
For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
Check one of these two boxes: Debtor or Secured Party of record
AND Check one of these three boxes to: CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
ADD name: Complete item 7a or 7b, and item 7c
DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)
6a. ORGANIZATION'S NAME PETERSEN MT, LLC
OR
6b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)
7a. ORGANIZATION'S NAME
OR
7b. INDIVIDUAL'S SURNAME INDIVIDUAL'S FIRST PERSONAL NAME INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor
9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY
OR
9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA: Debtor:PETERSEN MT, LLC [241999808]

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**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/25/13:02:0090:  
 20.00 MU  
 SOSIL 14:33 18197251 FS

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837827**

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**PETERSEN MT, LLC**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DRIVE PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1a. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  
**LLC ILLINOIS 03779084**  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2a. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

7

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (options):  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE)

8. OPTIONAL FILER REFERENCE DATA

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MT, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME				
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
11d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

12a. ORGANIZATION'S NAME <b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>					
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

Project Name:

**White Oak Rehab & Health Center**

Project No.: **072-22125**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**PETERSEN 30, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614**

16. Additional collateral description:

See Exhibit B for a description of the collateral

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction



**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208

FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO: 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;

2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA' RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

COMMON STREET ADDRESS:

1700 WHITE STREET  
MT. VERNON, ILLINOIS 62684

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MT, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

UCU104/25/13:02:0090:  
20.00 MU  
SOSIL 14:33 18197251 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1041  
 \$20.00 Electronic  
**09526898** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18197251**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assigner in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE CO			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62526357-54617880



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221103 1057  
\$20.00 Electronic

09834269

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197251	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
---	---

- 2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3.  ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9  
For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8
- 4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete Item 6a or 6b; and Item 7a or 7b and Item 7c  ADD name: Complete Item 7a or 7b, and Item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MT, LLC			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)		
			SUFFIX
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA:  
Debtor: PETERSEN MT, LLC [243209035]



RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM. CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

David E. Barnes (513) 723-4000

2013 APR 24 PM 1:15

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837702

UCU104/24/13:01:9892:  
20.00 MU  
SOSIL 13:46 18192624 FS

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

**PETERSEN MANAGEMENT COMPANY, LLC**

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

**830 WEST TRAILCREEK DR**

CITY

**PEORIA**

STATE

**IL**

POSTAL CODE

**61614**

COUNTRY

**USA**

1d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

1e. TYPE OF ORGANIZATION  
limited liability company

1f. JURISDICTION OF ORGANIZATION

**ILLINOIS**

1g. ORGANIZATIONAL ID#, if any

**03779068**

NONE

2. ADDITIONAL DEBTOR'S EXACT-FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID#, if any

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

**65 EAST STATE STREET, 16TH FLOOR**

CITY

**COLUMBUS**

STATE

**OH**

POSTAL CODE

**43215**

COUNTRY

**USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOB  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)  All Debtors  Debtor 1  Debtor 2 (optional) (additional fee)

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Toulon Rehab & Health Center; FHA Project No. 071-22262

+8

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one name (11a or 11b) – do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME				
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
11d. <u>SEE INSTRUCTIONS</u>	ADDL. INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

12. ADDITIONAL SECURED PARTY'S OR  ASSIGNOR S/P'S NAME – insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>				
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

**Project Name:**  
**Toulon Rehab & Health Center**

**Project No.: 072-22126**  
15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 27, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:

See Exhibit B for a description of the collateral

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD; SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

TRACT III:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01

MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

**TRACT V:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037

04-19-401-039

Common Street Address:

700 East Main Street

Toulon, Illinois 61483

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;



(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

UCU104/24/13:01:9892:  
20.00 MU  
SOSIL 13:46 18192624 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180205 1423  
 \$20.00 Electronic  
**09527806** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192624**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA  
 IL-0-62569277-54634126



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221102 1932

\$20.00 Electronic

09834119

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18192624	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
---	---

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9  
For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MANAGEMENT COMPANY, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MANAGEMENT COMPANY, LLC [243182925]

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

David E. Barnes (513) 723-4000

2013 APR 24 PM 2:40

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837847

UCU104/24/13:01:9906:  
20.00 MU  
SOSIL 14:58 18192942 FS

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

**PETERSEN MANAGEMENT COMPANY, LLC**

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

**830 WEST TRAILCREEK DR**

CITY

**PEORIA**

STATE

**IL**

POSTAL CODE

**61614**

COUNTRY

**USA**

1d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

1a. TYPE OF ORGANIZATION

**LIMITED LIABILITY COMPANY**

1f. JURISDICTION OF ORGANIZATION

**ILLINOIS**

1g. ORGANIZATIONAL ID#, if any

**03779068**

NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

2a. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID#, if any

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

**65 EAST STATE STREET, 16TH FLOOR**

CITY

**COLUMBUS**

STATE

**OH**

POSTAL CODE

**43215**

COUNTRY

**USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Affidavit (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2  ADDITIONAL FEE

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Mt. Vernon Health Center; FHA Project No. 072-22123

FILING OFFICE COPY -- NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

+6

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
----------------------	------	-------	-------------	---------

11d. <u>SEE INSTRUCTIONS</u>	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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12.  ADDITIONAL SECURED PARTY'S OR  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
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13. This FINANCING STATEMENT covers  debtor to be out or  as-abstracted collateral, or is filed as a  future filing.

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Mt. Vernon Health Center**  
**Project No.: 072-22123**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):  
  
**Petersen 29, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:  
  
**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;**

**AND ALSO**

**AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57**

MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;



(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

UCU104/24/13:01:9906:  
20.00 MU  
SOSIL 14:58 18192942 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180205 1414  
 \$20.00 Electronic  
**09527797** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Lien Solutions</b> <b>800-331-3282</b>	
B. E-MAIL CONTACT AT FILER (optional) <b>uccfilingreturn@wolterskluwer.com</b>	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) <b>LIEN SOLUTIONS</b> <b>P.O. Box 29071</b> <b>Glendale, CA, 91209-9071</b>	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192942**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

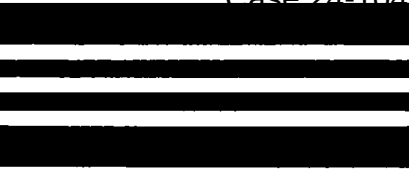
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE CO</b>			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62568983-54633995



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221107 1100

\$20.00 Electronic

09834750

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18192942

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**  
Check one of these two boxes:  Debtor or  Secured Party of record  
**AND** Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME  
PETERSEN MANAGEMENT COMPANY, LLC

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE COMPANY

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MANAGEMENT COMPANY, LLC [243368985]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

2013 APR 24 PM 2:11

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/24/13:02:9317:  
 20.00 MU  
 SOSIL:15:03 18193027 FS

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
 David E. Barnes (513) 723-4000

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837774

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME  
**PETERSEN MANAGEMENT COMPANY, LLC**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION limited liability company 1f. JURISDICTION OF ORGANIZATION ILLINOIS 1g. ORGANIZATIONAL ID#, if any 03779068  NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA : Illinois Secretary of State Palm Terrace of Mattoon; FHA Project No. 072-22127

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one name (11a or 11b) – do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11d. <u>SEE INSTRUCTIONS</u>	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME – insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
--	---------------------------	--------------------	-----------------------------	-----------------------

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Pam Terrace of Mattoon  
Project No.: 072-22127**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 23, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction

NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS

WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938



**NAME OF FIRST DEBTOR (1A OR 1b) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (2A OR 2B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

UCU104/24/13:02:9917:  
20.00 MU  
SOSIL 15:03 18193027 I

# UCC FINANCING STATEMENT AMENDMENT

## FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180119 1356  
 \$20.00 Electronic  
**09524464** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Gisella Melendez</b> 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) <b>efiling@wolterskluwer.com</b>	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <b>CT LIEN SOLUTIONS</b> <b>P.O. Box 29071</b> <b>Glendale, CA, 91209-9071</b>	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18193027**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name; Complete item 7a or 7b, and item 7c  DELETE name; Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE CO</b>			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62369072-54560486



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221102 1907

\$20.00 Electronic

09834116

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18193027	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MANAGEMENT COMPANY, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

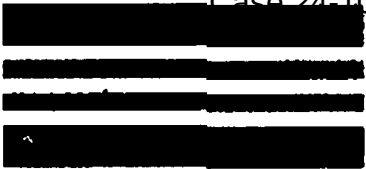
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MANAGEMENT COMPANY, LLC [243182470]



RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)  
**CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837794**

2013 APR 25 PM 2:17

UCU104/25/13:02:0087:  
 20,00 MU  
 SOSIL 14:31 18197227 FS

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**PETERSEN MANAGEMENT COMPANY, LLC**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1a. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  
**LLC ILLINOIS 03779068**  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2a. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

*HL*

5 ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOB  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE)

8. OPTIONAL FILER REFERENCE DATA  
 Illinois Secretary of State

Hora Health Center; FHA Project No. 072-22124

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME

OR

**PETERSEN MANAGEMENT COMPANY, LLC**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -- insert only org name (11a or 11b) -- do not abbreviate or combine names**

OR

11a. ORGANIZATION'S NAME

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11d. SEE INSTRUCTIONS

ADDL INFO  
ORGANIZATION  
DEBTOR

11a. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME -- insert only org name (12a or 12b)**

12a. ORGANIZATION'S NAME

**U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

**451 7TH STREET S.W.**

CITY

**WASHINGTON**

STATE

**DC**

POSTAL CODE

**20410**

COUNTRY

**USA**

13. This FINANCING STATEMENT covers  timber to be cut or  ad-valorem collateral, or is filed as a  future filing.

14. Description of real estate:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

Project Name: Flora Health Center

Project No.: 072-22124

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 26, LLC**

**830 West Trailcreek Dr.**

**Peoria, IL 61614**

16. Additional collateral description:

See Exhibit B for a description of the collateral

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction

Filed in connection with a Public Finance Transaction

<b>NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT</b>			
<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

<b>NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT</b>		
<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

**TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;**

**TRACT II:**

**146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;**

**WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

**A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:**

**BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B,**



PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

UCU104/25/13:02:0087:  
20.00 MU  
SOSIL 14:31 18197227 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
IL SECRETARY OF STATE  
UNIFORM COMMERCIAL CODE

20180116 1428  
\$20.00 Electronic

09523755 CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **018197227**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

### 5. PARTY INFORMATION CHANGE:

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects  Debtor or  Secured Party of record

CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b.

### 6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

### 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

### 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

### 10. OPTIONAL FILER REFERENCE DATA

IL-0-62318305-54541516



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221103 1218

\$20.00 Electronic

09834296

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197227	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MANAGEMENT COMPANY, LLC			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MANAGEMENT COMPANY, LLC [243219983]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

2013 APR 25 PM 2:20

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/25/13:02:0091:  
 20.00 MU  
 SOSIL 14:33 18197278 FS

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
 David E. Barnes (513) 723-4000

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837826

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME  
**PETERSEN MANAGEMENT COMPANY, LLC**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  NONE  
**LLC ILLINOIS 03779068**

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

+7

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA  
 Illinois Secretary of State White Oak Rehab & Health Center; FHA Project No. 072-22125

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN MANAGEMENT COMPANY, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11d. <u>SEE INSTRUCTIONS</u>	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

12a. ORGANIZATION'S NAME <b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
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12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
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13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**  
  
**Project Name:**  
**White Oak Rehab & Health Center**  
  
**Project No.: 072-22125**  
  
 15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 30, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:  
  
**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.  
 Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction



**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208

FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;

2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

COMMON STREET ADDRESS:

1700 WHITE STREET  
MT. VERNON, ILLINOIS 62684

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN MANAGEMENT COMPANY, LLC</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases, instruments, inventory, documents, deposit accounts or cash.

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20.00 MU  
SOSIL 14:33 18197278 FS

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1026  
 \$20.00 Electronic  
**09526869** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Lien Solutions</b> <b>800-331-3282</b>	
B. E-MAIL CONTACT AT FILER (optional) <b>uccfilingreturn@wolterskluwer.com</b>	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <b>LIEN SOLUTIONS</b> <b>P.O. Box 29071</b> <b>Glendale, CA, 91209-9071</b>	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18197278**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**5. PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

**6. CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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**7. CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

**9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE CO**

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA  
 IL-0-62525919-54617731



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221103 1052

\$20.00 Electronic

09834268

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197278	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in Item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN MANAGEMENT COMPANY, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN MANAGEMENT COMPANY, LLC [243208825]



RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

David E. Barnes (513) 723-4000

2013 APR 24 PM 1:15

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837701

UCU104/24/13:01:9893:  
20.00 MU  
SOSIL 13:46 18192632 FS

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

PETERSEN HEALTH CARE II, INC.

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

830 WEST TRAILCREEK DR

CITY

PEORIA

STATE

IL

POSTAL CODE

61614

COUNTRY

USA

1d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

1a. TYPE OF ORGANIZATION (limited liability company)

1f. JURISDICTION OF ORGANIZATION

ILLINOIS

1g. ORGANIZATIONAL ID#, if any

62372451

NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

2a. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID#, if any

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

LANCASTER POLLARD MORTGAGE COMPANY

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

65 EAST STATE STREET, 16TH FLOOR

CITY

COLUMBUS

STATE

OH

POSTAL CODE

43215

COUNTRY

USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum  If applicable 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (Additional Fee)  All Debtors  Debtor 1  Debtor 2 (optional)

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Toulon Rehab & Health Center; FHA Project No. 071-22262

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one name (11a or 11b) – do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME – insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, c/o OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
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13. This FINANCING STATEMENT covers  timber to be cut or  es-tracked collateral, or is filed as a  future filing

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**  
  
**Project Name:**  
**Toulon Rehab & Health Center**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):  
  
**Petersen 27, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:  
  
**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.  
 Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction  
 Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN HEALTH CARE II, INC.</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

TRACT III:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01

MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

**TRACT V:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037

04-19-401-039

Common Street Address:

700 East Main Street

Toulon, Illinois 61483

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments. As used herein, "Illinois Government Payment" means a payment from the State of Illinois and shall include, without limitation, to the extent applicable, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon; 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

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20.00 MU  
SOSIL 13:46 18192632 FS



# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180119 1416  
 \$20.00 Electronic  
**09524473** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192632**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

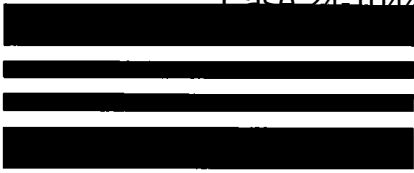
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE CO			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62369611-54560697



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221102 1937

\$20.00 Electronic

09834120

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18192632	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in Item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN HEALTH CARE II, INC.			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN HEALTH CARE II, INC. [243182960]

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

2013 APR 24 PM 2:40

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/24/13:01:9907:  
20.00 MU  
SOSIL 14:53 18192950 FS

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
David E. Barnes (513) 723-4000

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**

CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837846

**1. DEBTOR'S EXACT FULL LEGAL NAME** - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**PETERSEN HEALTH CARE II, INC.**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  
**LIMITED LIABILITY COMPANY ILLINOIS 62372451**  NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME** - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  
 NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)** - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2  ADDITIONAL FEE

8. OPTIONAL FILER REFERENCE DATA  
Illinois Secretary of State Mt. Vernon Health Center; FHA Project No. 072-22123

45

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME

OR **PETERSEN HEALTH CARE II, INC.**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one name (11a or 11b) - do not abbreviate or combine names**

OR

11a. ORGANIZATION'S NAME

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11d. SEE INSTRUCTIONS

ADDL INFO RE ORGANIZATION DEBTOR

11a TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - Insert only one name (12a or 12b)

OR

12a. ORGANIZATION'S NAME

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

**451 7TH STREET S.W.**

CITY

**WASHINGTON**

STATE

**DC**

POSTAL CODE

**20410**

COUNTRY

**USA**

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing.

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Mt. Vernon Health Center**

**Project No.: 072-22123**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 29, LLC**

**830 West Trailcreek Dr.**

**Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction

Filed in connection with a Public-Finance Transaction

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT****LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57

MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN HEALTH CARE II, INC.</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments. As used herein, "Illinois Government Payment" means a payment from the State of Illinois and shall include, without limitation, to the extent applicable, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #S Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon; 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

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# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180205 1411  
 \$20.00 Electronic  
**09527795** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192950**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assigner in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**5. PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

**6. CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**7. CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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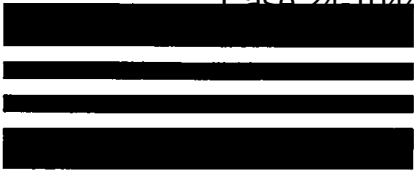
**8. COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

**9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE CO			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**10. OPTIONAL FILER REFERENCE DATA**

IL-0-62568897-54633972



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

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CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18192950	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN HEALTH CARE II, INC.			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME	INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN HEALTH CARE II, INC. [243224253]

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 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

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**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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 20.00 MU  
 SOSIL 15:03 18193035 FS

A. NAME & PHONE OF CONTACT AT FILER [optional]  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837773**

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**PETERSEN HEALTH CARE II, INC.**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION limited liability company 1f. JURISDICTION OF ORGANIZATION ILLINOIS 1g. ORGANIZATIONAL ID#, if any 62372451  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

45

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE)

8. OPTIONAL FILER REFERENCE DATA  
 Illinois Secretary of State Palm Terrace of Mattoon; FHA Project No. 072-22127

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
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**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
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13. This FINANCING STATEMENT covers  debtor to be cut or  as-abstracted collateral, or is filed as a  future filing.

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Pam Terrace of Mattoon  
Project No.: 072-22127**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 23, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS

WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments. As used herein, "Illinois Government Payment" means a payment from the State of Illinois and shall include, without limitation, to the extent applicable, payments governed under the Social Security Act (42 U.S.C. § 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

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20.00 MU  
SOSIL 15:03 18193035 FS



**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180119 1400  
 \$20.00 Electronic  
**09524465** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] <b>Gisella Melendez</b> <b>800-331-3282</b>	
B. E-MAIL CONTACT AT FILER (optional) <b>efiling@wolterskluwer.com</b>	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <b>CT LIEN SOLUTIONS</b> <b>P.O. Box 29071</b> <b>Glendale, CA, 91209-9071</b>	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18193035**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**5. PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  CHANGE name and/or address; Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name; Complete item 7a or 7b, and item 7c  DELETE name; Give record name to be deleted in item 6a or 6b.

**6. CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**7. CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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**8. COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

**9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE CO</b>			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**10. OPTIONAL FILER REFERENCE DATA**

IL-0-62369185-54560513



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<div style="border: 1px solid black; padding: 5px;">                 Corporation Service Company                  801 Adlai Stevenson Drive                  Springfield, IL 62703                  USA             </div>	

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\$20.00 Electronic

09834118

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18193035	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: <u>attach</u> Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
---	--

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in item 9  
For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN HEALTH CARE II, INC.				
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

OR	7a. ORGANIZATION'S NAME			
	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral

Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN HEALTH CARE II, INC. [243182512]

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional) **2013 APR 25 PM 2:17**  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837793

UCU104/25/13:02:0088:  
 20.00 MU  
 SOSIL 14:32 18197235 FS

**1. DEBTOR'S EXACT FULL LEGAL NAME** - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DR</b>			CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>	COUNTRY <b>USA</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LLC</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>62372451</b> <input type="checkbox"/> NONE		

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME** - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)** - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>			CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>	COUNTRY <b>USA</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

15

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOB  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

Illinois Secretary of State

Flora Health Center; FHA Project No. 072-22124

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one name (11a or 11b) – do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME				
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
11d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	11a. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME – insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME <b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>					
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>

13. This FINANCING STATEMENT covers  similar to be out or  as-extended collateral, or is filed as a  future filing.

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Flora Health Center**  
**Project No.: 072-22124**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 26, LLC**  
**830 West Trailcreek Dr.**  
**Peoria, IL 61614**

16. Additional collateral description:

**See Exhibit B for a description of the collateral**

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN HEALTH CARE II, INC.</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT A TO UCC FINANCING STATEMENT**

**LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

**WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B,

PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN HEALTH CARE II, INC.</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments. As used herein, "Illinois Government Payment" means a payment from the State of Illinois and shall include, without limitation, to the extent applicable, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license; assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

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IL SECRETARY OF STATE  
UNIFORM COMMERCIAL CODE

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\$20.00 Electronic

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CT

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **018197235**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects  Debtor or  Secured Party of record  CHANGE name and/or address; Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name; Complete item 7a or 7b, and item 7c  DELETE name; Give record name to be deleted in item 6a of 6b.

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)		
			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA

IL-0-62317761-54541134



RECEIVED

IL SECRETARY OF STATE

UNIFORM COMMERCIAL CODE

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

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\$20.00 Electronic

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CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18197235

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME  
PETERSEN HEALTH CARE II, INC.

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE COMPANY

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN HEALTH CARE II, INC. [243220424]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

2013 APR 25 PM 2:21

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

UCU104/25/13:02:0092:  
 20.00 MU  
 SOSIL 14:34 18197286 FS

**A. NAME & PHONE OF CONTACT AT FILER (optional)**  
 David E. Barnes (513) 723-4000

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837825

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME  
**PETERSEN HEALTH CARE II, INC.**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**830 WEST TRAILCREEK DR PEORIA IL 61614 USA**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1a. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  
 ADD'L INFO RE ORGANIZATION DEBTOR: **LLC** 1f. JURISDICTION OF ORGANIZATION: **ILLINOIS** 1g. ORGANIZATIONAL ID#: **62372451**  NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2a. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  
 ADD'L INFO RE ORGANIZATION DEBTOR: 2a. TYPE OF ORGANIZATION: 2f. JURISDICTION OF ORGANIZATION: 2g. ORGANIZATIONAL ID#:  NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME  
**LANCASTER POLLARD MORTGAGE COMPANY**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**65 EAST STATE STREET, 16TH FLOOR COLUMBUS OH 43215 USA**

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

tl

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE)

8. OPTIONAL FILER REFERENCE DATA  
 Illinois Secretary of State

White Oak Rehab & Health Center; FHA Project No. 072-22125

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME

OR

**PETERSEN HEALTH CARE II, INC.**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

**10. MISCELLANEOUS:**

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one name (11a or 11b) - do not abbreviate or combine names**

OR

11a. ORGANIZATION'S NAME

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**11c. MAILING ADDRESS**

CITY

STATE

POSTAL CODE

COUNTRY

**11d. SEE INSTRUCTIONS**

ADDL INFO RE ORGANIZATION DEBTOR

**11a. TYPE OF ORGANIZATION**

**11f. JURISDICTION OF ORGANIZATION**

**11g. ORGANIZATIONAL ID #, if any**

NONE

**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

12a. ORGANIZATION'S NAME

**' U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

**12c. MAILING ADDRESS**

**451 7TH STREET S.W.**

CITY

**WASHINGTON**

STATE

**DC**

POSTAL CODE

**20410**

COUNTRY

**USA**

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  future filing

**14. Description of real estate:**

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: White Oak Rehab & Health Center  
Project No.: 072-22125**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

**Petersen 30, LLC  
830 West Trailcreek Dr.  
Peoria, IL 61614**

**16. Additional collateral description.**

**See Exhibit B for a description of the collateral**

**17. Check only if applicable and check only one box.**

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

**18. Check only if applicable and check only one box.**

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN HEALTH CARE II, INC.</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT****LEGAL DESCRIPTION****TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208

FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;

2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

**TRACT 3:**

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

**COMMON STREET ADDRESS:**

1700 WHITE STREET  
MT. VERNON, ILLINOIS 62684

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>PETERSEN HEALTH CARE II, INC.</b>			
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

<b>ORGANIZATION'S NAME</b> <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
<b>INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments. As used herein, "Illinois Government Payment" means a payment from the State of Illinois and shall include, without limitation, to the extent applicable, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;



(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

UCU104/25/13:02:0092:  
20.00 MU  
SOSIL 14:34 18197286 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1037  
 \$20.00 Electronic  
**09526881** CT

A. NAME & PHONE OF CONTACT AT FILER (optional) Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18197286**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:  
 Check one of these two boxes:  Debtor or  Secured Party of record AND Check one of these three boxes to:  
 CHANGE name and/or address; Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA  
 IL-0-62526244-54617842



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221103 1057

\$20.00 Electronic

09834270

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197286	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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- 2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
- 4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN HEALTH CARE II, INC.				
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral

Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN HEALTH CARE II, INC. [243209294]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

**UCC FINANCING STATEMENT**  
 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

2013 APR 25 PM 2:16

UCU104/25/13:02:0085:  
 20.00 MU  
 SOSIL 14:30 18197200 FS

A. NAME & PHONE OF CONTACT AT FILER [optional]  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837792

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN 26, LLC</b>				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>		CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>
				COUNTRY <b>USA</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LLC</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>03778975</b> <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME OF TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16<sup>TH</sup> FLOOR</b>		CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>
				COUNTRY <b>U.S.A.</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

16

5. ALTERNATIVE DESIGNATION [if applicable]:  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [optional]  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA  
 Illinois Secretary of State Flora Health Center; FHA Project No. 072-22124

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN 26, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

UCU104/25/13:02:0085:  
20.00 MU  
SOSIL 14:30 18197200 FS

**10. MISCELLANEOUS:**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
----------------------	------	-------	-------------	---------

11d. SEE INSTRUCTIONS	ADD'L INFO ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE
-----------------------	--------------------------------	---------------------------	-----------------------------------	---

**12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

12a. ORGANIZATION'S NAME <b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>	CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>	COUNTRY <b>USA</b>
--	---------------------------	--------------------	-----------------------------	-----------------------

13. This FINANCING STATEMENT covers  similar to be out or  as-abstracted collateral, or is filed as a  future filing.

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Flora Health Center  
Project No.: 072-22124**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest)

16. Additional collateral description:

See Exhibit B attached hereto.

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction—effective 30 years
- Filed in connection with a Public-Finance Transaction—effective 30 years

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 26, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

(Attached hereto and incorporated by reference herein)

**LEGAL DESCRIPTION**

## TRACT I:

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

## TRACT II:

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A

DELTA ANGLE OF  $03^{\circ} 08' 34''$ , A CHORD BEARING OF NORTH  $12^{\circ} 02' 40''$  WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH  $86^{\circ} 34' 58''$  EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND  $1/2''$  IRON PIPE; THENCE SOUTH  $80^{\circ} 53' 45''$  EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND  $1/2''$  IRON PIPE; THENCE SOUTH  $86^{\circ} 36' 22''$  EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND  $5/8''$  IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 26, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this UCC Financing Statement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c)



constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises; and

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein.

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

UCJ104/25/13:02:0085:  
20.00 MU  
SOSIL 14:30 18197200 FS

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180116 1358  
 \$20.00 Electronic  
**09523719** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) efiling@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **018197200**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record  
 AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a of 6b, and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE COMPANY

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62317361-54540110



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company	800-858-5294
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221028 0954  
\$20.00 Electronic

09833387

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18197200

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN 26, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME			
INDIVIDUAL'S FIRST PERSONAL NAME			
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN 26, LLC [241999836]

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

2013 APR 25 PM 2:18

UCU104/25/13:02:0089:  
20.00 MU  
SOSIL 14:32 18197243 FS

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837824**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

1a. ORGANIZATION'S NAME <b>PETERSEN 30, LLC</b>				
OR		1b. INDIVIDUAL'S LAST NAME		
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>		CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>
1d. <u>SEE INSTRUCTIONS</u>		ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LLC</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>
			1g. ORGANIZATIONAL ID#, if any <b>03779025</b>	<input type="checkbox"/> NONE

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

2a. ORGANIZATION'S NAME				
OR		2b. INDIVIDUAL'S LAST NAME		
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. <u>SEE INSTRUCTIONS</u>		ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION
			2g. ORGANIZATIONAL ID#, if any	<input type="checkbox"/> NONE

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				
OR		3b. INDIVIDUAL'S LAST NAME		
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16<sup>TH</sup> FLOOR</b>		CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>
				COUNTRY <b>U.S.A.</b>

4. This FINANCING STATEMENT covers the following collateral:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**See Exhibit B attached hereto for a description of the collateral.**

**Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.**

18

5. ALTERNATIVE DESIGNATION (if applicable):	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAI.LOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	

8. OPTIONAL FILER REFERENCE DATA  
**Illinois Secretary of State** **White Oak Rehab & Health Center; FHA Project No. 072-22125**

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN 30, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
11d. <u>SEE INSTRUCTIONS</u>		ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION
				11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME <b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>
COUNTRY <b>USA</b>				

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  fixture filing

14. Description of real estate:

**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name:  
White Oak Rehab & Health Center**

**Project No.: 072-22125**

16. Additional collateral description:

**See Exhibit B attached hereto.**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest)

17. Check only if applicable and check only one box.  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction—effective 30 years  
 Filed in connection with a Public-Finance Transaction—effective 30 years

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 30, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

(Attached hereto and incorporated by reference herein)

**LEGAL DESCRIPTION****TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE

IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;



THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;

2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

**NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT**

ORGANIZATION'S NAME <b>PETERSEN 30, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

**NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT**

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this UCC Financing Statement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c)

constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

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j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises; and

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein.

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180201 1015  
 \$20.00 Electronic

A. NAME & PHONE OF CONTACT AT FILER [optional] Lien Solutions 800-331-3282	
B. E-MAIL CONTACT AT FILER (optional) uccfilingreturn@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

**09526863** CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18197243**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b.

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE CO			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA

IL-0-62525593-54617603

RECEIVED

IL SECRETARY OF STATE

UNIFORM COMMERCIAL CODE

20221025 1011  
\$20.00 Electronic

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CT

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 18197243	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN 30, LLC			
OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR 7b. INDIVIDUAL'S SURNAME			
INDIVIDUAL'S FIRST PERSONAL NAME			
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX	

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN 30, LLC [241999794]

RECEIVED  
SECRETARY OF STATE  
UNIFORM COMM CODE DIV.

2013 APR 24 PM 1:13

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**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**CT Lien Solutions  
PO Box 29071  
Glendale, CA 91209-9071  
Order 37837700**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN 27, LLC</b>				
OR		1b. INDIVIDUAL'S LAST NAME		
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>		CITY <b>PEORIA</b>		STATE <b>IL</b>
		POSTAL CODE <b>61614</b>		COUNTRY <b>USA</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LIMITED LIABILITY COMPANY</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>03778991</b> <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR		2b. INDIVIDUAL'S LAST NAME		
2c. MAILING ADDRESS		CITY		STATE
		POSTAL CODE		COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				
OR		3b. INDIVIDUAL'S LAST NAME		
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>		CITY <b>COLUMBUS</b>		STATE <b>OH</b>
		POSTAL CODE <b>43215</b>		COUNTRY <b>U.S.A.</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. UEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] (optional)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	

8. OPTIONAL FILER REFERENCE DATA  
**Illinois Secretary of State** **Toulon Rehab & Health Center; FHA Project No. 071-22262**

18



**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

9a. ORGANIZATION'S NAME		
OR <b>PETERSEN 27, LLC</b>		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. <u>SEE INSTRUCTIONS</u>	ADD'L. INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

12.  ADDITIONAL SECURED PARTY'S  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

OR				
12a. ORGANIZATION'S NAME				
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>				
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
<b>451 7TH STREET S.W.</b>		<b>WASHINGTON</b>	<b>DC</b>	<b>20410 USA</b>

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  fixture filing.

14. Description of real estate:  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name:  
Toulon Rehab & Health Center**

**Project No.: 071-22262**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest)

16. Additional collateral description:

**See Exhibit B attached hereto.**

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction—effective 30 years  
 Filed in connection with a Public-Finance Transaction—effective 30 years

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 27, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

(Attached hereto and incorporated by reference herein)

**LEGAL DESCRIPTION****TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

TRACT III:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST; ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST; 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

## NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 27, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

## NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this UCC Financing Statement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c)

constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;

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j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises; and

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein.

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.



**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE

20180205 1419  
 \$20.00 Electronic

**09527802** CT

A. NAME & PHONE OF CONTACT AT FILER (optional)	
Lien Solutions	800-331-3282
B. E-MAIL CONTACT AT FILER (optional)	
uccfilingreturn@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
LIEN SOLUTIONS	
P.O. Box 29071	
Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18192608**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**5. PARTY INFORMATION CHANGE:**

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

**6. CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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**7. CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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**8. COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

**9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

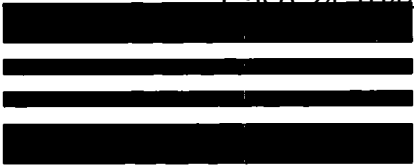
9a. ORGANIZATION'S NAME  
 LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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**10. OPTIONAL FILER REFERENCE DATA**

IL-0-62569106-54634064



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221025 1021  
\$20.00 Electronic

09832251

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18192608

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:  Debtor or  Secured Party of record

AND Check one of these three boxes to:

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME  
PETERSEN 27, LLC

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE COMPANY

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

10. OPTIONAL FILER REFERENCE DATA:  
Debtor: PETERSEN 27, LLC [241999801]

RECEIVED  
 SECRETARY OF STATE  
 UNIFORM COMM CODE DIV.

2013 APR 24 PH 2: 10

**UCC FINANCING STATEMENT**  
 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**David E. Barnes (513) 723-4000**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
 PO Box 29071  
 Glendale, CA 91209-9071  
 Order 37837772

UCU104/24/13:02:3315:  
 20.00 MU  
 SOSIL 15:02 18193000 FS

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>PETERSEN 23, LLC</b>				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS <b>830 WEST TRAILCREEK DRIVE</b>		CITY <b>PEORIA</b>	STATE <b>IL</b>	POSTAL CODE <b>61614</b>
				COUNTRY <b>USA</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>LIMITED LIABILITY COMPANY</b>	1f. JURISDICTION OF ORGANIZATION <b>ILLINOIS</b>	1g. ORGANIZATIONAL ID#, if any <b>03778851</b>
				<input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any
				<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS <b>65 EAST STATE STREET, 16TH FLOOR</b>		CITY <b>COLUMBUS</b>	STATE <b>OH</b>	POSTAL CODE <b>43215</b>
				COUNTRY <b>U.S.A.</b>

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.

See Exhibit B attached hereto for a description of the collateral.

Either Secured Party, acting alone, is authorized to file continuation statements with respect to this financing statement.

5. ALTERNATIVE DESIGNATION (if applicable):	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum <input type="checkbox"/>	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (OPTIONAL) <input type="checkbox"/>		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	

8. OPTIONAL FILER REFERENCE DATA  
**Illinois Secretary of State** **Palm Terrace of Mattoon; FHA Project No. 072-22127**

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

**9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

OR	9a. ORGANIZATION'S NAME <b>PETERSEN 23, LLC</b>		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names**

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
11d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

**12.  ADDITIONAL SECURED PARTY'S  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)**

OR	12a. ORGANIZATION'S NAME <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, C/O OFFICE OF HEALTHCARE PROGRAMS</b>			
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS <b>451 7TH STREET S.W.</b>		CITY <b>WASHINGTON</b>	STATE <b>DC</b>	POSTAL CODE <b>20410</b>
				COUNTRY <b>USA</b>

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  fixture filing

14. Description of real estate:  
  
**See Exhibit A attached hereto for a description of the real estate to which certain of the collateral relates.**

**Project Name: Palm Terrace of Mattoon  
Project No.: 072-22127**

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest)

16. Additional collateral description.

**See Exhibit B attached hereto.**

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction—effective 30 years  
 Filed in connection with a Public-Finance Transaction—effective 30 years

NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 23, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT A TO UCC FINANCING STATEMENT**

(Attached hereto and incorporated by reference herein)

**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS

PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>PETERSEN 23, LLC</b>			
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

NAME OF FIRST SECURED PARTY (3A OR 3B) ON RELATED FINANCING STATEMENT

ORGANIZATION'S NAME <b>LANCASTER POLLARD MORTGAGE COMPANY</b>		
INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

**EXHIBIT B TO UCC FINANCING STATEMENT**

All of the following described property and interests in property, whether now owned or existing or hereafter acquired, arising or created:

a. All fixtures, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the premises described in Exhibit A to this UCC Financing Statement (the "Premises"), including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment (except that telephone equipment leased from a telephone company); all piping, tubing, and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm, and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not the same are now or hereafter attached to the Premises in any manner;

b. All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

c. All rents, leases, lease contracts, lease agreements, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c)

constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

d. All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts or money;

e. All land surveys, plans and specifications, drawings, briefs and other work product of the Debtor or its employees, contractors or agents, and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

f. All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, including, but not limited to, nursing home and/or assisted living facility licenses, certificates of need, "bed authority" and Medicare and Medicaid provider agreements; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

g. Any and all funds, monies, securities, and other property held in escrow or as reserves, and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities, or other property held in escrow or as a reserve, including, but not limited to, all of Debtor's rights (if any) to any and all funds or amounts held in reserves or accounts created under the Regulatory Agreement, including, but not limited to, replacement reserve accounts and residual receipts accounts;

h. All of the Debtor's accounts (including, but not limited to, health-care-insurance receivables and other accounts receivable), general intangibles (including, but not limited to, payment intangibles, tax refunds, tax refund claims and low income housing tax credits, if any, applicable to the Premises), chattel paper (including, but not limited to, tangible chattel paper and electronic chattel paper), leases, lease contracts, lease agreements, instruments, documents, inventory, as-extracted collateral, cash, money, deposit accounts, lock boxes, blocked accounts, certificates of deposit, investment property, insurance policies, letter-of-credit rights, judgments, liens, causes of action, warranties, guaranties, supporting obligations, and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h) or elsewhere in this Exhibit B;

i. All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically, optically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles;



j. All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, waters, watercourses, and appurtenances related to or benefiting the Premises, and all rights-of-way, streets, alleys and roads which may have been or in the future may be vacated;

k. All contracts, options and other agreements for the sale of the Premises or the improvements thereon, entered into by the Debtor now or in the future, including cash or securities or other security deposited to secure performance by the parties of their obligations, and all construction contracts, architectural and engineering agreements and management contracts now or in the future existing pertaining to the construction, rehabilitation, development, repair, operation, ownership, equipping or management of the Premises;

l. Any and all rights of Debtor in tenant security deposits which have not been forfeited by any tenant under any lease;

m. All names under or by which any part of the Premises may be operated or known, and all trademarks, trade names, and goodwill relating to any part of the Premises;

n. The interest of the Debtor in and to any and all funds and monies created or established and held pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Premises; and

o. All rights, titles and interests of the Debtor under any and all security agreements now or hereafter entered into by the Debtor with any lessee of all or any portion of the Premises and all of the Debtor's rights, titles and interests in the collateral described therein.

p. All products and proceeds of any and all of the property (and interests in property) described herein, including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, investment property, letter-of-credit rights, leases, lease contracts, lease agreements, instruments, inventory, documents, deposit accounts, supporting obligations or cash proceeds.

UCJ104/24/13:02:9915:  
20.00 MU  
SOSIL 15:02 18193000 FS

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

RECEIVED  
 IL SECRETARY OF STATE  
 UNIFORM COMMERCIAL CODE  
 20180119 1352  
 \$20.00 Electronic

**09524463** CT

A. NAME & PHONE OF CONTACT AT FILER [optional] Gisella Melendez 800-331-3282	
B. E-MAIL CONTACT AT FILER [optional] efiling@wolterskluwer.com	
C. SEND-ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS P.O. Box 29071 Glendale, CA, 91209-9071	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # **18193000**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS  
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  **ASSIGNMENT (full or partial):** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. **PARTY INFORMATION CHANGE:**  
 Check one of these two boxes:  Debtor or  Secured Party of record  
 AND Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a of 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b.

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
 If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME  
LANCASTER POLLARD MORTGAGE CO

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

10. **OPTIONAL FILER REFERENCE DATA**  
 IL-0-62368946-54560443



RECEIVED

**UCC FINANCING STATEMENT AMENDMENT**

IL SECRETARY OF STATE

FOLLOW INSTRUCTIONS

UNIFORM COMMERCIAL CODE

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) FilingDept@cscinfo.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address)	
<input type="checkbox"/> Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 USA	

20221102 1902  
\$20.00 Electronic

09834114

CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
18193000

1b.  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS  
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  **PARTY INFORMATION CHANGE:**  
Check one of these two boxes:  Debtor or  Secured Party of record  
**AND** Check one of these three boxes to:  CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME PETERSEN 23, LLC			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  **COLLATERAL CHANGE:** Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral  
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME LANCASTER POLLARD MORTGAGE COMPANY			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**  
Debtor: PETERSEN 23, LLC [243182386]

# **Exhibit F**

○ ○

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of HUD Facilities Master Lease**

Between Petersen 23, LLC  
and Petersen MT, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-00744345 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By: \_\_\_\_\_

  
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

For Recorder's Office

### MEMORANDUM OF MASTER LEASE

This Memorandum of Master Lease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN 23, LLC, an Illinois limited liability company ("**Owner**"), and PETERSEN MT, LLC, an Illinois limited liability company ("**Master Tenant**").

#### Recitals

A. Owner and Master Tenant have entered into that certain HUD Facilities Master Lease dated as of April 1, 2013 (the "**Master Lease**"), pursuant to which Owner leased to Master Tenant and Master Tenant leased from Owner certain real estate located in Mattoon, Coles County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Leased Premises**").

B. Owner and Master Tenant desire to execute and record a memorandum of the Master Lease.

C. In consideration of the premises, the Master Lease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Master Tenant hereby represent and acknowledge the following:

#### Memorandum

1. **Owner.** The name of the Owner is PETERSEN 23, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Master Tenant.** The names of the Master Tenant is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Leased Premises is attached to and made a part of the Master Lease as Exhibit A.

4. **Term.** The initial term of the Master Lease commenced on April 1, 2013, and shall expire on March 31, 2038.

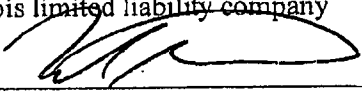
5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

**OWNER:**

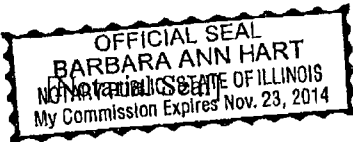
PETERSEN 23, LLC,  
an Illinois limited liability company

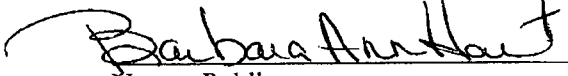
By:   
Mark B. Petersen  
Manager

STATE OF ILLINOIS        )  
  )   SS  
COUNTY OF Peoria        )

Personally appeared before me this 5 day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of **PETERSEN 23, LLC**, an Illinois limited liability company, and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



  
Notary Public

Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14.





**EXHIBIT A  
LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

**DOCUMENT CERTIFICATION**

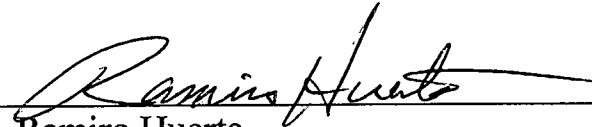
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of HUD Facilities Master Lease**

Between Petersen 26, LLC  
and Petersen MT, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 179868 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, IL 62839

For Recorder's Office

### MEMORANDUM OF MASTER LEASE

This Memorandum of Master Lease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN 26, LLC, an Illinois limited liability company ("**Owner**"), and PETERSEN MT, LLC, an Illinois limited liability company ("**Master Tenant**").

#### Recitals

A. Owner and Master Tenant have entered into that certain HUD Facilities Master Lease dated as of April 1, 2013 (the "**Master Lease**"), pursuant to which Owner leased to Master Tenant and Master Tenant leased from Owner certain real estate located in Flora, Clay County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Leased Premises**").

B. Owner and Master Tenant desire to execute and record a memorandum of the Master Lease.

C. In consideration of the premises, the Master Lease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Master Tenant hereby represent and acknowledge the following:

#### Memorandum

1. **Owner.** The name of the Owner is PETERSEN 26, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Master Tenant.** The names of the Master Tenant is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Leased Premises is attached to and made a part of the Master Lease as Exhibit A.

4. **Term.** The initial term of the Master Lease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

**OWNER:**

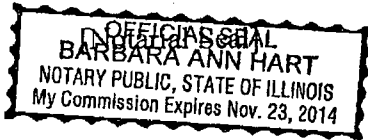
**PETERSEN 26, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
   ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN 26, LLC,  
an Illinois limited liability company, and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



\_\_\_\_\_  
Notary Public

Barbara Ann Hart  
\_\_\_\_\_  
Printed Name Notary Public

My commission expires: 11-23-14

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

MASTER TENANT:

PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS    )  
                           )  
COUNTY OF Peoria    )     SS

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MT, LLC,  
an Illinois limited liability company and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



Barbara Ann Hart  
Notary Public  
Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389



**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of HUD Facilities Master Lease**

Between Petersen 27, LLC  
and Petersen MT, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-99907 At 9:41 p.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:

  
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

For Recorder's Office

### MEMORANDUM OF MASTER LEASE

This Memorandum of Master Lease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN 27, LLC, an Illinois limited liability company ("**Owner**"), and PETERSEN MT, LLC, an Illinois limited liability company ("**Master Tenant**").

#### Recitals

A. Owner and Master Tenant have entered into that certain HUD Facilities Master Lease dated as of April 1, 2013 (the "**Master Lease**"), pursuant to which Owner leased to Master Tenant and Master Tenant leased from Owner certain real estate located in Toulon, Stark County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Leased Premises**").

B. Owner and Master Tenant desire to execute and record a memorandum of the Master Lease.

C. In consideration of the premises, the Master Lease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Master Tenant hereby represent and acknowledge the following:

#### Memorandum

1. **Owner**. The name of the Owner is PETERSEN 27, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Master Tenant**. The names of the Master Tenant is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Leased Premises is attached to and made a part of the Master Lease as Exhibit A.

4. **Term.** The initial term of the Master Lease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

**OWNER:**

PETERSEN 27, LLC,  
an Illinois limited liability company

By: *[Signature]*  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5<sup>th</sup> day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN 27, LLC, an Illinois limited liability company, and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



*Barbara Ann Hart*  
Notary Public


Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

**MASTER TENANT:**

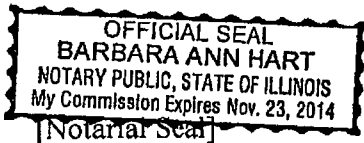
PETERSEN MT, LLC,  
an Illinois limited liability company

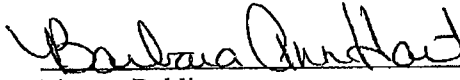
By:   
Mark B. Petersen  
Manager

STATE OF ILLINOIS     )  
                                  )     SS  
COUNTY OF Peoria     )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of **PETERSEN MT, LLC**,  
an Illinois limited liability company and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



  
Notary Public

Barbara Ann Hart     ll  
Printed Name                                 Notary Public

My commission expires: 11-23-14

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483



**DOCUMENT CERTIFICATION**

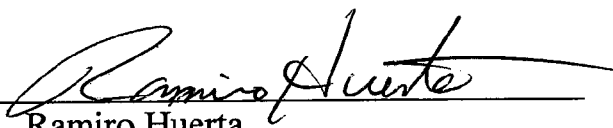
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of HUD Facilities Master Lease**

Between Petersen 29, LLC  
and Petersen MT, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05026 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

For Recorder's Office

### MEMORANDUM OF MASTER LEASE

This Memorandum of Master Lease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN 29, LLC, an Illinois limited liability company ("**Owner**"), and PETERSEN MT, LLC, an Illinois limited liability company ("**Master Tenant**").

#### Recitals

A. Owner and Master Tenant have entered into that certain HUD Facilities Master Lease dated as of April 1, 2013 (the "**Master Lease**"), pursuant to which Owner leased to Master Tenant and Master Tenant leased from Owner certain real estate located in Mt. Vernon, Jefferson County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Leased Premises**").

B. Owner and Master Tenant desire to execute and record a memorandum of the Master Lease.

C. In consideration of the premises, the Master Lease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Master Tenant hereby represent and acknowledge the following:

#### Memorandum

1. **Owner.** The name of the Owner is PETERSEN 29, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Master Tenant.** The names of the Master Tenant is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Leased Premises is attached to and made a part of the Master Lease as Exhibit A.

4. **Term.** The initial term of the Master Lease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]





**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of HUD Facilities Master Lease**

Between Petersen 30, LLC  
and Petersen MT, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05015 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62864

For Recorder's Office

### MEMORANDUM OF MASTER LEASE

This Memorandum of Master Lease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN 30, LLC, an Illinois limited liability company ("**Owner**"), and PETERSEN MT, LLC, an Illinois limited liability company ("**Master Tenant**").

#### Recitals

A. Owner and Master Tenant have entered into that certain HUD Facilities Master Lease dated as of April 1, 2013 (the "**Master Lease**"), pursuant to which Owner leased to Master Tenant and Master Tenant leased from Owner certain real estate located in Mt. Vernon, Jefferson County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Leased Premises**").

B. Owner and Master Tenant desire to execute and record a memorandum of the Master Lease.

C. In consideration of the premises, the Master Lease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Master Tenant hereby represent and acknowledge the following:

#### Memorandum

1. **Owner.** The name of the Owner is PETERSEN 30, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Master Tenant.** The names of the Master Tenant is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.



3. **Legal Description.** The specific legal description of the Leased Premises is attached to and made a part of the Master Lease as Exhibit A.

4. **Term.** The initial term of the Master Lease commenced on April 1, 2013, and shall expire on April 30, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Master Lease by their respective officers duly authorized as of the day and year first written above.

**OWNER:**

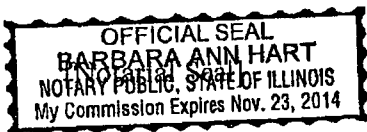
PETERSEN 30, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
  ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN 30, LLC,  
an Illinois limited liability company, and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public

Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

# **Exhibit G**

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of Sublease**

Between Petersen MT, LLC and  
Petersen Management Company, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-00744348 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:

  
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

For Recorder's Office

### MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN MT, LLC, an Illinois limited liability company ("**Sublandlord**"), and PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company ("**Subtenant**").

#### Recitals

A. Sublandlord and Subtenant have entered into that certain Sublease dated as of April 1, 2013 (the "**Sublease**"), pursuant to which Sublandlord subleased to Subtenant and Subtenant subleased from Sublandlord certain real estate located in Mattoon, Coles County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to execute and record a memorandum of the Sublease.

C. In consideration of the premises, the Sublease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby represent and acknowledge the following:

#### Memorandum

1. **Sublandlord.** The name of the Sublandlord is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Subtenant.** The names of the Subtenant is PETERSEN MANAGEMENT COMPANY, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.



3. **Legal Description.** The specific legal description of the Subleased Premises is attached to and made a part of the Sublease as Exhibit A.

4. **Term.** The initial term of the Sublease commenced on April 1, 2013, and shall expire on March 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

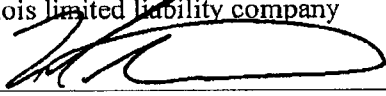
[Signature Page Follows]



IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBLANDLORD:**

PETERSEN MT, LLC,  
an Illinois limited liability company

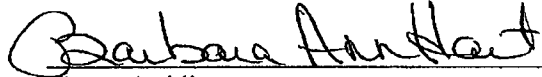
By:   
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
  ) SS  
COUNTY OF Peoria                                )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of **PETERSEN MT, LLC**,  
an Illinois limited liability company, and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



  
Notary Public

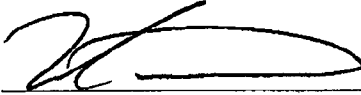
Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBTENANT:**

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen  
Manager

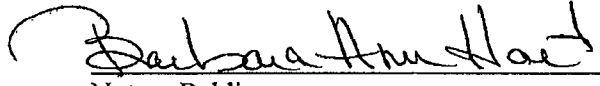
STATE OF ILLINOIS )  
 )  
COUNTY OF Peoria )

SS

Personally appeared before me this 5 day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



  
Notary Public

Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14

**EXHIBIT A  
LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

**DOCUMENT CERTIFICATION**

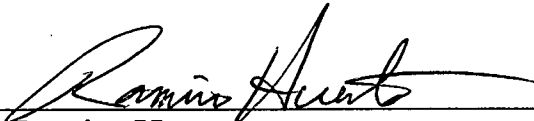
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of Sublease**

Between Petersen MT, LLC and  
Petersen Management Company, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 179871 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
\_\_\_\_\_  
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62839

For Recorder's Office

### MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN MT, LLC, an Illinois limited liability company ("**Sublandlord**"), and PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company ("**Subtenant**").

#### Recitals

A. Sublandlord and Subtenant have entered into that certain Sublease dated as of April 1, 2013 (the "**Sublease**"), pursuant to which Sublandlord subleased to Subtenant and Subtenant subleased from Sublandlord certain real estate located in Flora, Clay County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to execute and record a memorandum of the Sublease.

C. In consideration of the premises, the Sublease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby represent and acknowledge the following:

#### Memorandum

1. **Sublandlord.** The name of the Sublandlord is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Subtenant.** The names of the Subtenant is PETERSEN MANAGEMENT COMPANY, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Subleased Premises is attached to and made a part of the Sublease as Exhibit A.

4. **Term.** The initial term of the Sublease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBLANDLORD:**

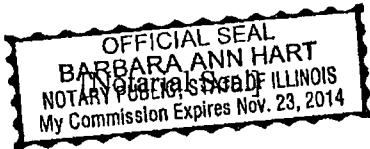
PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
                              ) ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MT, LLC,  
an Illinois limited liability company, and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public

Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14



IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

SUBTENANT:

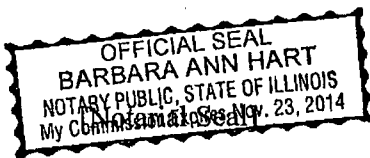
PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS    )  
                                  )     SS  
COUNTY OF Peoria    )

Personally appeared before me this 5 day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public  
Barbara Ann Hart  
Printed Name                                  Notary Public

My commission expires: 11-23-14

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**DOCUMENT CERTIFICATION**

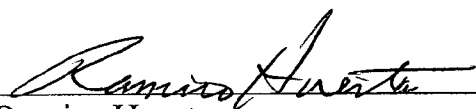
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Memorandum of Sublease**

Between Petersen MT, LLC and  
Petersen Management Company, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-99909 At 9:49 a.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

For Recorder's Office

### MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (the "Memorandum") executed as of this 1st day of April, 2013, by and among PETERSEN MT, LLC, an Illinois limited liability company ("**Sublandlord**"), and PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company ("**Subtenant**").

#### Recitals

A. Sublandlord and Subtenant have entered into that certain Sublease dated as of April 1, 2013 (the "**Sublease**"), pursuant to which Sublandlord subleased to Subtenant and Subtenant subleased from Sublandlord certain real estate located in Toulon, Stark County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to execute and record a memorandum of the Sublease.

C. In consideration of the premises, the Sublease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby represent and acknowledge the following:

#### Memorandum

1. **Sublandlord**. The name of the Sublandlord is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Subtenant**. The names of the Subtenant is PETERSEN MANAGEMENT COMPANY, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Subleased Premises is attached to and made a part of the Sublease as Exhibit A.

4. **Term.** The initial term of the Sublease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBLANDLORD:**

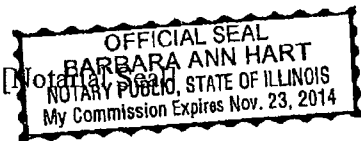
PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
 ) ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5 day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of **PETERSEN MT, LLC**, an Illinois limited liability company, and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public  
Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14.

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBTENANT:**

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS        )  
                                      )  
COUNTY OF Peoria    )       SS

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



Barbara Ann Hart  
Notary Public  
Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14.

**EXHIBIT A**  
**LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID



0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

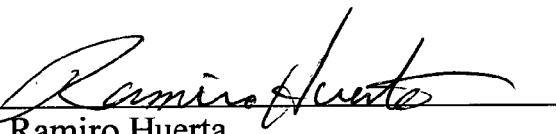
**Memorandum of Sublease**

Between Petersen MT, LLC and  
Petersen Management Company, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05029 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

For Recorder's Office

### MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN MT, LLC, an Illinois limited liability company ("**Sublandlord**"), and PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company ("**Subtenant**").

#### Recitals

A. Sublandlord and Subtenant have entered into that certain Sublease dated as of April 1, 2013 (the "**Sublease**"), pursuant to which Sublandlord subleased to Subtenant and Subtenant subleased from Sublandlord certain real estate located in Mt. Vernon, Jefferson County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to execute and record a memorandum of the Sublease.

C. In consideration of the premises, the Sublease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby represent and acknowledge the following:

#### Memorandum

1. **Sublandlord.** The name of the Sublandlord is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Subtenant.** The names of the Subtenant is PETERSEN MANAGEMENT COMPANY, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Subleased Premises is attached to and made a part of the Sublease as Exhibit A.

4. **Term.** The initial term of the Sublease commenced on April 1, 2013, and shall expire on April 31, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBLANDLORD:**

PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) SS

Personally appeared before me this 5 day of April, 2013, Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MT, LLC, an Illinois limited liability company, and that he has authority to execute under oath and has so executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public

Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14



**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864



**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

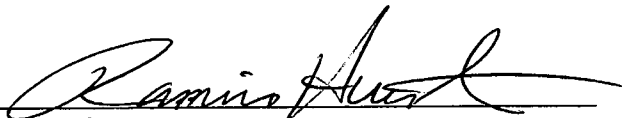
**Memorandum of Sublease**

Between Petersen MT, LLC and  
Petersen Management Company, LLC

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05018 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

This instrument was prepared by and when recorded, please return to:

Applegate & Thorne-Thomsen, P.C.  
626 W. Jackson Boulevard, Suite 400  
Chicago, Illinois 60661  
Attn: Matthew Brett, Esq.

PIN: 07-30-401-007

**07-30-401-013**

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62864

For Recorder's Office

### MEMORANDUM OF SUBLEASE

This Memorandum of Sublease (the "**Memorandum**") executed as of this 1<sup>st</sup> day of April, 2013, by and among PETERSEN MT, LLC, an Illinois limited liability company ("**Sublandlord**"), and PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company ("**Subtenant**").

#### Recitals

A. Sublandlord and Subtenant have entered into that certain Sublease dated as of April 1, 2013 (the "**Sublease**"), pursuant to which Sublandlord subleased to Subtenant and Subtenant subleased from Sublandlord certain real estate located in Mt. Vernon, Jefferson County, Illinois, which real estate is located on the property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to execute and record a memorandum of the Sublease.

C. In consideration of the premises, the Sublease and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby represent and acknowledge the following:

#### Memorandum

1. **Sublandlord.** The name of the Sublandlord is PETERSEN MT, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

2. **Subtenant.** The names of the Subtenant is PETERSEN MANAGEMENT COMPANY, LLC, having its address at 830 West Trailcreek Dr., Peoria, Illinois 61614.

3. **Legal Description.** The specific legal description of the Subleased Premises is attached to and made a part of the Sublease as Exhibit A.

4. **Term.** The initial term of the Sublease commenced on April 1, 2013, and shall expire on April 30, 2038.

5. **Counterparts.** This Memorandum may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBLANDLORD:**

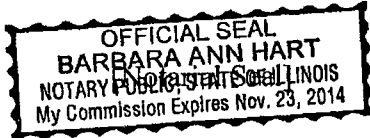
PETERSEN MT, LLC,  
an Illinois limited liability company

By: *(Signature)*  
Mark B. Petersen  
Manager

STATE OF ILLINOIS           )  
  )  
COUNTY OF Peoria         ) SS

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN MT, LLC,  
an Illinois limited liability company, and that he has authority to execute under oath and has so  
executed the above certification for and on behalf of such limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



*Barbara Ann Hart*  
Notary Public  
Barbara Ann Hart  
Printed Name Notary Public

My commission expires: 11-23-14.

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Memorandum of Sublease by their respective officers duly authorized as of the day and year first written above.

**SUBTENANT:**

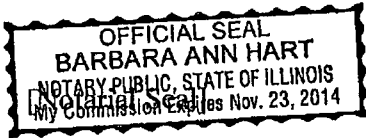
PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen  
Manager

STATE OF ILLINOIS )  
  ) SS  
COUNTY OF Peoria )

Personally appeared before me this 5 day of April, 2013,  
Mark B. Petersen, who, after being duly sworn, says he is the Manager of PETERSEN  
MANAGEMENT COMPANY, LLC, an Illinois limited liability company and that he has authority  
to execute under oath and has so executed the above certification for and on behalf of such  
limited liability company.

Witness my hand and Notarial Seal this 5 day of April, 2013.



[Signature]  
Notary Public  
[Signature]  
Printed Name Notary Public

My commission expires: 11-23-14

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;

2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

# **Exhibit H**



**PALM TERRACE OF MATTOON  
COLES COUNTY, ILLINOIS**

**MASTER TENANT SECURITY AGREEMENT**

**THIS MASTER TENANT SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MT, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Master Tenant" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 23, LLC (the "Borrower"), in the maximum principal amount of \$4,673,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Palm Terrace of Mattoon, FHA Project No. 072-22127 (the "Project"), located at 1000 Palm Avenue, Mattoon, Coles County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to the Master Tenant by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement") and (ii) the Master Tenant has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD, in

connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Master Tenant is affiliated with the Borrower and Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Master Tenant hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Master Tenant's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Master Tenant

promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) except for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party, and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Master Tenant keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Master Tenant's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Master Tenant's exact legal name is as set forth in the first paragraph of this Agreement; (x) Master Tenant's organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as Master Tenant's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Master Tenant will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Master Tenant, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Master Tenant in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured

Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Master Tenant, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Master Tenant's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Master Tenant will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Master Tenant operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Master Tenant with respect

to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Master Tenant will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Master Tenant, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Master Tenant receives no Government Payments, the Master Tenant will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Master Tenant will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Master Tenant shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Master Tenant shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Master Tenant in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Master Tenant that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Master Tenant shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Master Tenant to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a

governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Master Tenant to Secured Party under this Section 4 will be paid by the Master Tenant upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Master Tenant will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and

preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Master Tenant, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Master Tenant does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Master Tenant is dissolved and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) The Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Master Tenant irrevocably appoints the Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by



the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined

in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as secured parties. The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the

Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Master Tenant under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Master Tenant as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. INTENTIONALLY OMITTED.**

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of

any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone

else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

**21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Master Tenant is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this

Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE MASTER TENANT:**

**PETERSEN MT, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_



Mark B. Petersen,  
Manager

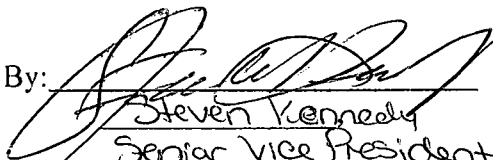


**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A TO MASTER TENANT SECURITY AGREEMENT**  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

**EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Master Tenant's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6831	FirstMerit Bank N.A.	Operating	None

Note: Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Master Tenant's obligations in this regard.

FLORA HEALTH CENTER  
CLAY COUNTY, ILLINOIS

**MASTER TENANT SECURITY AGREEMENT**

**THIS MASTER TENANT SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MT, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Master Tenant" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 26, LLC (the "Borrower"), in the maximum principal amount of \$3,824,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Flora Health Center, FHA Project No. 072-22124 (the "Project"), located at 232 Given Street, Flora, Clay County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to the Master Tenant by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement") and (ii) the Master Tenant has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD, in

connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Master Tenant is affiliated with the Borrower and Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Master Tenant hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Master Tenant's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Master Tenant

promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) except for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party, and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Master Tenant keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Master Tenant's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Master Tenant's exact legal name is as set forth in the first paragraph of this Agreement; (x) Master Tenant's organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as Master Tenant's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Master Tenant will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Master Tenant, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Master Tenant in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured



Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Master Tenant, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Master Tenant's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Master Tenant will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Master Tenant operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Master Tenant with respect

to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Master Tenant will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Master Tenant, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Master Tenant receives no Government Payments, the Master Tenant will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Master Tenant will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Master Tenant shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Master Tenant shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Master Tenant in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Master Tenant that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Master Tenant shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Master Tenant to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a

governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Master Tenant to Secured Party under this Section 4 will be paid by the Master Tenant upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Master Tenant will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and

preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Master Tenant, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Master Tenant does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Master Tenant is dissolved and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) The Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare

Assets, Master Tenant irrevocably appoints the Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association,

credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as secured parties. The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this

Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Master Tenant under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the



Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Master Tenant as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. INTENTIONALLY OMITTED.**

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution

therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either

from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Master Tenant is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows:

U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451  
7th Street S.W., Washington, DC 20410.


**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE MASTER TENANT:**

**PETERSEN MT, LLC,**  
an Illinois limited liability company

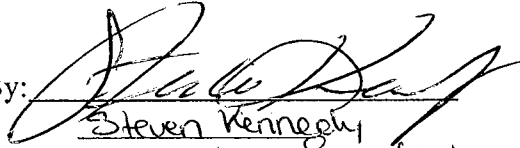
By:   
\_\_\_\_\_  
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

TRACT I:

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

TRACT II:

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;



(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Master Tenant’s Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6831	FirstMerit Bank N.A.	Operating	None

Note: Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Master Tenant’s obligations in this regard.

**TOULON REHAB & HEALTH CENTER  
STARK COUNTY, ILLINOIS**

**MASTER TENANT SECURITY AGREEMENT**

**THIS MASTER TENANT SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MT, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Master Tenant" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 27, LLC (the "Borrower"), in the maximum principal amount of \$5,272,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Toulon Rehab & Health Center, FHA Project No. 071-22262 (the "Project"), located at 700 East Main Street, Toulon, Stark County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to the Master Tenant by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement") and (ii) the Master Tenant has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD, in

connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Master Tenant is affiliated with the Borrower and Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Master Tenant hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Master Tenant's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Master Tenant

promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) except for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party, and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Master Tenant keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Master Tenant's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Master Tenant's exact legal name is as set forth in the first paragraph of this Agreement; (x) Master Tenant's organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as Master Tenant's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Master Tenant will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Master Tenant, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Master Tenant in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured

Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Master Tenant, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Master Tenant's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Master Tenant will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Master Tenant operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Master Tenant with respect

to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Master Tenant will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Master Tenant, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Master Tenant receives no Government Payments, the Master Tenant will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Master Tenant will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Master Tenant shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Master Tenant shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Master Tenant in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Master Tenant that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Master Tenant shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Master Tenant to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a

governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Master Tenant to Secured Party under this Section 4 will be paid by the Master Tenant upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Master Tenant will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and



preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Master Tenant, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Master Tenant does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Master Tenant is dissolved and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) The Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare

Assets, Master Tenant irrevocably appoints the Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association,

credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as secured parties. The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this

Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Master Tenant under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the

Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Master Tenant as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. INTENTIONALLY OMITTED.**

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution

therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either

from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Master Tenant is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows:





U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451  
7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this  
Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE MASTER TENANT:**

**PETERSEN MT, LLC,**  
an Illinois limited liability company

By: \_\_\_\_\_

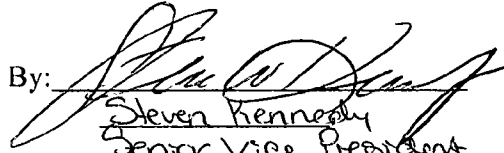


Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;



THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.



**EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Master Tenant's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6831	FirstMerit Bank N.A.	Operating	None

Note: Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Master Tenant's obligations in this regard.

**MT. VERNON HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS**

**MASTER TENANT SECURITY AGREEMENT**

**THIS MASTER TENANT SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MT, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Master Tenant" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 29, LLC (the "Borrower"), in the maximum principal amount of \$2,146,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Mt. Vernon Health Center, FHA Project No. 072-22123 (the "Project"), located at #5 Doctor's Park Road, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to the Master Tenant by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement") and (ii) the Master Tenant has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD, in

connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** The Master Tenant is affiliated with the Borrower and Sublessee, and will benefit directly from the making of the Loan.

**D.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Master Tenant hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Master Tenant's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Master Tenant

promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) except for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party, and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Master Tenant keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Master Tenant's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Master Tenant's exact legal name is as set forth in the first paragraph of this Agreement; (x) Master Tenant's organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as Master Tenant's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Master Tenant will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Master Tenant, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Master Tenant in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured

Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Master Tenant, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Master Tenant's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Master Tenant will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Master Tenant operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Master Tenant with respect

to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Master Tenant will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Master Tenant, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Master Tenant receives no Government Payments, the Master Tenant will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Master Tenant will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Master Tenant shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Master Tenant shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Master Tenant in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Master Tenant that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Master Tenant shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Master Tenant to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a

governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Master Tenant to Secured Party under this Section 4 will be paid by the Master Tenant upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Master Tenant will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and

preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Master Tenant, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Master Tenant does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Master Tenant is dissolved and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.



**9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) The Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Master Tenant irrevocably appoints the Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by

the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined

in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as secured parties. The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the

Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Master Tenant under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Master Tenant as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. INTENTIONALLY OMITTED.**

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of

any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone

else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Master Tenant is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this



Agreement as of the date in the first paragraph of this Agreement.


[SEE ATTACHED COUNTERPART SIGNATURE PAGES]



**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE MASTER TENANT:**

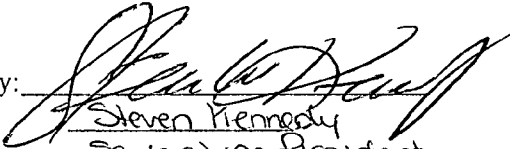
**PETERSEN MT, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO**  
**MASTER TENANT SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and

any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Master Tenant's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████6831	FirstMerit Bank N.A.	Operating	None

**Note:** Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Master Tenant's obligations in this regard.

**WHITE OAK REHAB & HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS**

**MASTER TENANT SECURITY AGREEMENT**

**THIS MASTER TENANT SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MT, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 Illinois (the "Master Tenant" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 30, LLC (the "Borrower"), in the maximum principal amount of \$2,497,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as White Oak Rehab & Health Center, FHA Project No. 072-22125 (the "Project"), located at 1700 White Street, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to the Master Tenant by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement") and (ii) the Master Tenant has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD, in

connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Master Tenant is affiliated with the Borrower and Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Master Tenant hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Master Tenant's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Master Tenant



promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) except for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (A) the security interest in favor of the Secured Party, and (B) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Master Tenant keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Master Tenant's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Master Tenant's exact legal name is as set forth in the first paragraph of this Agreement; (x) Master Tenant's organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as Master Tenant's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Master Tenant will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Master Tenant, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Master Tenant in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured

Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Master Tenant, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Master Tenant's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Master Tenant will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) The provisions of this Section 2(i) shall only apply in the event that the Master Tenant operates the Project. As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Master Tenant with respect

to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Master Tenant will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Master Tenant, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Master Tenant receives no Government Payments, the Master Tenant will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Master Tenant will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Master Tenant shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Master Tenant shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Master Tenant in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Master Tenant that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Master Tenant shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Master Tenant to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a

governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Master Tenant to Secured Party under this Section 4 will be paid by the Master Tenant upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Master Tenant will purchase and maintain insurance at all times with respect to the Premises, all improvements now or hereafter located thereon, and all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to include "law and ordinance" coverage, and to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and

preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Master Tenant, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Master Tenant does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Master Tenant is dissolved and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) The Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare

Assets, Master Tenant irrevocably appoints the Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association,

credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as secured parties. The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this



Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Master Tenant under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the

Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Master Tenant as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. INTENTIONALLY OMITTED.**

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution

therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either

from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Master Tenant is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows:

U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451  
7th Street S.W., Washington, DC 20410.


**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this  
Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO  
MASTER TENANT SECURITY AGREEMENT**

**THE MASTER TENANT:**

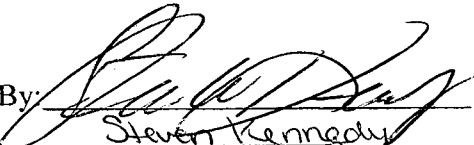
**PETERSEN MT, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_  
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO**  
**MASTER TENANT SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

TRACT 1:

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

TRACT 2:

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);



THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

**EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including, but not limited to, any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement): **None**

**Master Tenant's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████6831	FirstMerit Bank N.A.	Operating	None

Note: Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Master Tenant's obligations in this regard.

# **Exhibit I**

PALM TERRACE OF MATTOON  
COLES COUNTY, ILLINOIS

### **SUBLESSEE SECURITY AGREEMENT**

**THIS SUBLESSEE SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois (the "Sublessee" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

#### **Recitals**

A. Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 23, LLC (the "Borrower"), in the maximum principal amount of \$4,673,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Palm Terrace of Mattoon, FHA Project No. 072-22127 (the "Project"), located at 1000 Palm Avenue, Mattoon, Coles County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Petersen MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a HUD Facilities Master Lease dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to the Sublessee by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement") and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

B. As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Master Tenant entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement") and (ii) the Sublessee has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, this Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master

Tenant and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Sublessee is affiliated with the Borrower and Master Tenant, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Sublessee Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Sublessee hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Sublessee's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## 2. REPRESENTATIONS; GENERAL COVENANTS.

(a) To induce the Secured Party to make the Loan, the Sublessee promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Sublessee has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Sublessee has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof, rights granted to the Borrower under the Master Lease and/or rights granted to the Master Tenant under the Sublease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights") and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien"); (v) the Sublessee keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Sublessee during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Sublessee has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Sublessee's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Sublessee's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Sublessee's exact legal name is as set forth in the first paragraph of this Agreement; (x) Sublessee's organizational number (if any) as assigned by the State in which Sublessee is organized is the number identified as Sublessee's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Sublessee has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) The Sublessee will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof, except those Liens, if any, approved in writing by Secured Party ("Permitted Liens"), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Sublessee will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Subordinate Lease Rights, and except to the extent expressly permitted pursuant to Section 19 hereof. The Sublessee, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Sublessee in the operation of the



Project. Until an Event of Default (as defined below) occurs, the Sublessee may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Sublessee will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Sublessee will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Sublessee, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Sublessee will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Sublessee will give the Secured Party not less than 30 days prior written notice of any change of (A) Sublessee's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Sublessee will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Sublessee may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Sublessee's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Sublessee will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Sublessee is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Sublessee will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of the Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Sublessee will not merge or consolidate with or into any other Person without the prior written consent of the Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Sublessee will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Sublessee's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Sublessee, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Sublessee will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Sublessee. The Sublessee authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Sublessee receives no Government Payments, the Sublessee will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Sublessee will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Sublessee shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Sublessee shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Sublessee in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Sublessee that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Sublessee will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor and any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Sublessee shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Sublessee to comply with any of the provisions of this Section 2(i) shall

constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Sublessee will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Sublessee will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Sublessee will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Sublessee to Secured Party under this Section 4 will be paid by the Sublessee upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Sublessee's records pertaining to the Collateral. The Sublessee will keep accurate and complete records of the Collateral. The Sublessee will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Sublessee will purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Sublessee will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Sublessee will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Sublessee will reimburse the Secured Party on its demand for

any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Sublessee, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date which due, which failure is not cured within any applicable grace period;

(b) The Sublessee does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Sublease or under of any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Sublessee proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Sublessee of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Sublessee's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Sublessee without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Sublessee for the benefit of creditors, or the Sublessee dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Sublessee is dissolved and liquidation of the Sublessee is commenced in accordance with the Sublessee's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Sublessee changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Sublessee expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Sublessee thereto and shares of Sublessee therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Sublessee to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Sublessee, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Sublessee hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Sublessee agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Sublessee further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Sublessee hereby waiving the application of any doctrine of marshaling.

(e) The Sublessee shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Sublessee's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Sublessee irrevocably appoints the Secured Party, its successors and assigns, as Sublessee's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the

Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Sublessee. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Sublessee nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Sublessee will bind its heirs, personal representatives and permitted successors and assigns; however, the Sublessee may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid

term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND SUBLESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. SUBLESSEE FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Sublessee until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Sublessee agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Sublessee, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Sublessee and to name therein the Sublessee as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Sublessee as debtor and the Secured Party and/or HUD, as secured parties. The Sublessee hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Sublessee, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Sublessee and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Sublessee under this Agreement. The power of attorney granted hereby is coupled with an

interest and is irrevocable. The Secured Party is also authorized by the Sublessee to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Sublessee's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Sublessee will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Sublessee under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Sublessee to the Secured Party; however, nothing in this Agreement will be deemed to give to the Sublessee the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Sublessee makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Sublessee shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Sublessee alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and



requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Sublessee as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

## 19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Sublessee in and to the following, in each case arising from the Sublessee's operation of the Project in the ordinary course of the Sublessee's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Sublessee's equipment, inventory or other goods, other than accounts arising from the sale of Sublessee's inventory in the ordinary course of the Sublessee's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Sublessee.

"Eligible AR Loan" means a loan or line of credit obtained by the Sublessee from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender, the Sublessee, the Master Tenant, and the Borrower, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of Secured Party and HUD, the Sublessee may obtain and maintain at any time one, and only one, Eligible AR Loan,

which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral" (composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term (as defined in the Lease) of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s).

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Sublessee shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Sublessee shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Sublessee regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

## 20. WAIVERS.

(a) No act or thing need occur to establish the liability of the Sublessee hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall

in any way exonerate the Sublessee or modify, reduce, limit or release the liability of the Sublessee hereunder.

(b) The Sublessee will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Sublessee against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Sublessee and the Borrower and/or Master Tenant has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Sublessee and without any notice to the Sublessee. The liability of the Sublessee shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Sublessee): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Master Tenant, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Master Tenant or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Sublessee waives any and all defenses, claims and discharges of Borrower, Master Tenant or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Sublessee will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Master Tenant or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Master Tenant or any such other Person, whether or not on account of a related transaction. The Sublessee expressly agrees that the Sublessee shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Sublessee waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Master Tenant, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Sublessee under this Agreement is in addition to and shall be cumulative with all other liabilities of the Sublessee to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Sublessee hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Sublessee waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Sublessee further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.



(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Sublessee with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Sublessee is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Sublessee. The Sublessee's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Sublessee with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Sublessee and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Sublessee and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]



**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SUBLESSEE:**

**PETERSEN MANAGEMENT COMPANY, LLC,**  
an Illinois limited liability company

By:

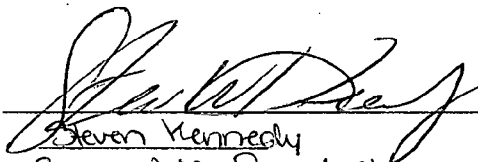
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By: \_\_\_\_\_

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A TO SUBLESSEE SECURITY AGREEMENT**  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.



**EXHIBIT B TO SUBLESSEE SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO SUBLESSEE SECURITY AGREEMENT**

**Other Names Used by Sublessee in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Sublessee's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6653	FirstMerit Bank N.A.	Operating	None
██████████ 6629	FirstMerit Bank N.A.	Operating	Medicare/Medicaid

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Sublessee's obligations in this regard.

FLORA HEALTH CENTER  
CLAY COUNTY, ILLINOIS

### **SUBLESSEE SECURITY AGREEMENT**

**THIS SUBLESSEE SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois (the "Sublessee" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

#### **Recitals**

A. Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 26, LLC (the "Borrower"), in the maximum principal amount of \$3,824,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Flora Health Center, FHA Project No. 072-22124 (the "Project"), located at 232 Given Street, Flora, Clay County, Illinois 62839, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Petersen MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a HUD Facilities Master Lease dated April 1, 2013 (the "Master Lease"). The Premises are subleased to the Sublessee by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement") and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

B. As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Master Tenant entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement") and (ii) the Sublessee has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, this Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master

Tenant and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** The Sublessee is affiliated with the Borrower and Master Tenant, and will benefit directly from the making of the Loan.

**D.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Sublessee Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Sublessee hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Sublessee's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Sublessee promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Sublessee has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Sublessee has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof, rights granted to the Borrower under the Master Lease and/or rights granted to the Master Tenant under the Sublease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights") and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien"); (v) the Sublessee keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Sublessee during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Sublessee has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Sublessee's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Sublessee's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Sublessee's exact legal name is as set forth in the first paragraph of this Agreement; (x) Sublessee's organizational number (if any) as assigned by the State in which Sublessee is organized is the number identified as Sublessee's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Sublessee has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) The Sublessee will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof, except those Liens, if any, approved in writing by Secured Party ("Permitted Liens"), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Sublessee will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Subordinate Lease Rights, and except to the extent expressly permitted pursuant to Section 19 hereof. The Sublessee, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Sublessee may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and

any policy of insurance thereon. The Sublessee will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Sublessee will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Sublessee, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Sublessee will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Sublessee will give the Secured Party not less than 30 days prior written notice of any change of (A) Sublessee's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Sublessee will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Sublessee may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Sublessee's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Sublessee will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Sublessee is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Sublessee will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of the Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Sublessee will not merge or consolidate with or into any other Person without the prior written consent of the Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Sublessee with respect to the operation of the

Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Sublessee will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Sublessee's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Sublessee, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Sublessee will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Sublessee. The Sublessee authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Sublessee receives no Government Payments, the Sublessee will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Sublessee will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Sublessee shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Sublessee shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Sublessee in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Sublessee that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Sublessee will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor and any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Sublessee shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Sublessee to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social



Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Sublessee will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Sublessee will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Sublessee will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Sublessee to Secured Party under this Section 4 will be paid by the Sublessee upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Sublessee's records pertaining to the Collateral. The Sublessee will keep accurate and complete records of the Collateral. The Sublessee will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Sublessee will purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Sublessee will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Sublessee will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Sublessee will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All

of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Sublessee, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date which due, which failure is not cured within any applicable grace period;

(b) The Sublessee does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Sublease or under of any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Sublessee proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Sublessee of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Sublessee's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Sublessee without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Sublessee for the benefit of creditors, or the Sublessee dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Sublessee is dissolved and liquidation of the Sublessee is commenced in accordance with the Sublessee's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Sublessee changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

**9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Sublessee expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Sublessee thereto and shares of Sublessee therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Sublessee to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Sublessee, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Sublessee hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Sublessee agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Sublessee further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Sublessee hereby waiving the application of any doctrine of marshaling.

(e) The Sublessee shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Sublessee's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Sublessee irrevocably appoints the Secured Party, its successors and assigns, as Sublessee's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other

charges, and the execution of documents, all in the name of the Sublessee. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Sublessee nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Sublessee will bind its heirs, personal representatives and permitted successors and assigns; however, the Sublessee may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined

in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND SUBLESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. SUBLESSEE FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Sublessee until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Sublessee agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Sublessee, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Sublessee and to name therein the Sublessee as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Sublessee as debtor and the Secured Party and/or HUD, as secured parties. The Sublessee hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Sublessee, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Sublessee and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Sublessee under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Sublessee to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to

preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Sublessee's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Sublessee will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Sublessee under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Sublessee to the Secured Party; however, nothing in this Agreement will be deemed to give to the Sublessee the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Sublessee makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Sublessee shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Sublessee alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or

where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Sublessee as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

## 19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Sublessee in and to the following, in each case arising from the Sublessee's operation of the Project in the ordinary course of the Sublessee's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Sublessee's equipment, inventory or other goods, other than accounts arising from the sale of Sublessee's inventory in the ordinary course of the Sublessee's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Sublessee.

"Eligible AR Loan" means a loan or line of credit obtained by the Sublessee from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender, the Sublessee, the Master Tenant, and the Borrower, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of Secured Party and HUD, the Sublessee may obtain and maintain at any time one, and only one, Eligible AR Loan, which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral" (composed of Accounts and as further defined in the Required Intercreditor Agreement), subject

to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term (as defined in the Lease) of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s).

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Sublessee shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Sublessee shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Sublessee regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

## **20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Sublessee hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Sublessee or modify, reduce, limit or release the liability of the Sublessee hereunder.



(b) The Sublessee will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Sublessee against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Sublessee and the Borrower and/or Master Tenant has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Sublessee and without any notice to the Sublessee. The liability of the Sublessee shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Sublessee): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Master Tenant, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Master Tenant or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Sublessee waives any and all defenses, claims and discharges of Borrower, Master Tenant or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Sublessee will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Master Tenant or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Master Tenant or any such other Person, whether or not on account of a related transaction. The Sublessee expressly agrees that the Sublessee shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Sublessee waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent

of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Master Tenant, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Sublessee under this Agreement is in addition to and shall be cumulative with all other liabilities of the Sublessee to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Sublessee hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Sublessee waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Sublessee further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Sublessee with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Sublessee is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Sublessee. The Sublessee's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Sublessee with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Sublessee and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

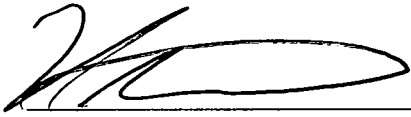
**IN WITNESS WHEREOF**, the Sublessee and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SUBLESSEE:**


**PETERSEN MANAGEMENT COMPANY, LLC,**  
an Illinois limited liability company

By:   
\_\_\_\_\_  
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kenneally  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**EXHIBIT B TO SUBLESSEE SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.



**EXHIBIT C TO SUBLESSEE SECURITY AGREEMENT**

**Other Names Used by Sublessee in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Sublessee’s Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6653	FirstMerit Bank N.A.	Operating	None
██████████ 6629	FirstMerit Bank N.A.	Operating	Medicare/Medicaid

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Sublessee’s obligations in this regard.

TOULON REHAB & HEALTH CENTER  
STARK COUNTY, ILLINOIS

**SUBLESSEE SECURITY AGREEMENT**

**THIS SUBLESSEE SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois (the "Sublessee" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

A. Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 27, LLC (the "Borrower"), in the maximum principal amount of \$5,272,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Toulon Rehab & Health Center, FHA Project No. 071-22262 (the "Project"), located at 700 East Main Street, Toulon, Stark County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Petersen MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a HUD Facilities Master Lease dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to the Sublessee by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement") and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

B. As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Master Tenant entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement") and (ii) the Sublessee has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, this Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master

Tenant and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Sublessee is affiliated with the Borrower and Master Tenant, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Sublessee Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Sublessee hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Sublessee's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Sublessee promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Sublessee has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Sublessee has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof, rights granted to the Borrower under the Master Lease and/or rights granted to the Master Tenant under the Sublease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights") and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien"); (v) the Sublessee keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Sublessee during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Sublessee has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Sublessee's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Sublessee's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Sublessee's exact legal name is as set forth in the first paragraph of this Agreement; (x) Sublessee's organizational number (if any) as assigned by the State in which Sublessee is organized is the number identified as Sublessee's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Sublessee has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) The Sublessee will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof, except those Liens, if any, approved in writing by Secured Party ("Permitted Liens"), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Sublessee will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Subordinate Lease Rights, and except to the extent expressly permitted pursuant to Section 19 hereof. The Sublessee, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Sublessee may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and

any policy of insurance thereon. The Sublessee will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Sublessee will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Sublessee, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Sublessee will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Sublessee will give the Secured Party not less than 30 days prior written notice of any change of (A) Sublessee's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Sublessee will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Sublessee may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Sublessee's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Sublessee will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Sublessee is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Sublessee will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of the Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Sublessee will not merge or consolidate with or into any other Person without the prior written consent of the Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Sublessee with respect to the operation of the

Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Sublessee will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Sublessee's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Sublessee, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Sublessee will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Sublessee. The Sublessee authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Sublessee receives no Government Payments, the Sublessee will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Sublessee will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Sublessee shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Sublessee shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Sublessee in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Sublessee that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Sublessee will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor and any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Sublessee shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Sublessee to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social

Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Sublessee will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Sublessee will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Sublessee will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Sublessee to Secured Party under this Section 4 will be paid by the Sublessee upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Sublessee's records pertaining to the Collateral. The Sublessee will keep accurate and complete records of the Collateral. The Sublessee will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Sublessee will purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Sublessee will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Sublessee will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Sublessee will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All

of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Sublessee, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date which due, which failure is not cured within any applicable grace period;

(b) The Sublessee does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Sublease or under of any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Sublessee proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Sublessee of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Sublessee's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Sublessee without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Sublessee for the benefit of creditors, or the Sublessee dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Sublessee is dissolved and liquidation of the Sublessee is commenced in accordance with the Sublessee's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Sublessee changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.



## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Sublessee expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Sublessee thereto and shares of Sublessee therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Sublessee to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Sublessee, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Sublessee hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Sublessee agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Sublessee further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Sublessee hereby waiving the application of any doctrine of marshaling.

(e) The Sublessee shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Sublessee's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Sublessee irrevocably appoints the Secured Party, its successors and assigns, as Sublessee's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the

Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Sublessee. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Sublessee nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Sublessee will bind its heirs, personal representatives and permitted successors and assigns; however, the Sublessee may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid

term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND SUBLESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. SUBLESSEE FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Sublessee until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Sublessee agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Sublessee, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Sublessee and to name therein the Sublessee as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Sublessee as debtor and the Secured Party and/or HUD, as secured parties. The Sublessee hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Sublessee, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Sublessee and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Sublessee under this Agreement. The power of attorney granted hereby is coupled with an

interest and is irrevocable. The Secured Party is also authorized by the Sublessee to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Sublessee's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Sublessee will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Sublessee under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Sublessee to the Secured Party; however, nothing in this Agreement will be deemed to give to the Sublessee the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Sublessee makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Sublessee shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Sublessee alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and

requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Sublessee as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

## 19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Sublessee in and to the following, in each case arising from the Sublessee's operation of the Project in the ordinary course of the Sublessee's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Sublessee's equipment, inventory or other goods, other than accounts arising from the sale of Sublessee's inventory in the ordinary course of the Sublessee's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Sublessee.

"Eligible AR Loan" means a loan or line of credit obtained by the Sublessee from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender, the Sublessee, the Master Tenant, and the Borrower, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of Secured Party and HUD, the Sublessee may obtain and maintain at any time one, and only one, Eligible AR Loan,

which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral" (composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term (as defined in the Lease) of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s).

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Sublessee shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Sublessee shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Sublessee regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

## 20. WAIVERS.

(a) No act or thing need occur to establish the liability of the Sublessee hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall

in any way exonerate the Sublessee or modify, reduce, limit or release the liability of the Sublessee hereunder.

(b) The Sublessee will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Sublessee against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Sublessee and the Borrower and/or Master Tenant has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Sublessee and without any notice to the Sublessee. The liability of the Sublessee shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Sublessee): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Master Tenant, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Master Tenant or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Sublessee waives any and all defenses, claims and discharges of Borrower, Master Tenant or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Sublessee will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Master Tenant or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Master Tenant or any such other Person, whether or not on account of a related transaction. The Sublessee expressly agrees that the Sublessee shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Sublessee waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Master Tenant, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Sublessee under this Agreement is in addition to and shall be cumulative with all other liabilities of the Sublessee to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Sublessee hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Sublessee waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Sublessee further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.



(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Sublessee with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Sublessee is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Sublessee. The Sublessee's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Sublessee with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Sublessee and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Sublessee and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SUBLESSEE:**

**PETERSEN MANAGEMENT COMPANY, LLC,**  
an Illinois limited liability company

By: 

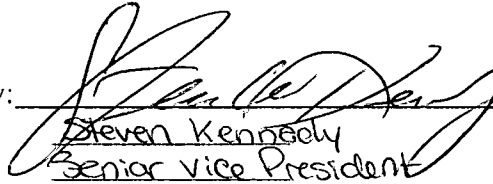
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;

THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**EXHIBIT B TO SUBLESSEE SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.



**EXHIBIT C TO SUBLESSEE SECURITY AGREEMENT**

**Other Names Used by Sublessee in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Sublessee’s Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████6653	FirstMerit Bank N.A.	Operating	None
██████████6629	FirstMerit Bank N.A.	Operating	Medicare/Medicaid

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Sublessee’s obligations in this regard.

MT. VERNON HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

**SUBLESSEE SECURITY AGREEMENT**

**THIS SUBLESSEE SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois Illinois (the "Sublessee" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, having an address at 65 East State Street, 16th Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

A. Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 29, LLC (the "Borrower"), in the maximum principal amount of \$2,146,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Mt. Vernon Health Center, FHA Project No. 072-22123 (the "Project"), located at #5 Doctor's Park Road, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Petersen MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a HUD Facilities Master Lease dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to the Sublessee by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement") and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

B. As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Master Tenant entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement") and (ii) the Sublessee has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, this Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master

Tenant and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Sublessee is affiliated with the Borrower and Master Tenant, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Sublessee Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Sublessee hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Sublessee's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## 2. REPRESENTATIONS; GENERAL COVENANTS.

(a) To induce the Secured Party to make the Loan, the Sublessee promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Sublessee has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Sublessee has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof, rights granted to the Borrower under the Master Lease and/or rights granted to the Master Tenant under the Sublease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights") and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien"); (v) the Sublessee keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Sublessee during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Sublessee has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Sublessee's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Sublessee's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Sublessee's exact legal name is as set forth in the first paragraph of this Agreement; (x) Sublessee's organizational number (if any) as assigned by the State in which Sublessee is organized is the number identified as Sublessee's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Sublessee has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) The Sublessee will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof, except those Liens, if any, approved in writing by Secured Party ("Permitted Liens"), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Sublessee will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Subordinate Lease Rights, and except to the extent expressly permitted pursuant to Section 19 hereof. The Sublessee, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Sublessee in the operation of the

Project. Until an Event of Default (as defined below) occurs, the Sublessee may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Sublessee will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Sublessee will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Sublessee, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Sublessee will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Sublessee will give the Secured Party not less than 30 days prior written notice of any change of (A) Sublessee's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Sublessee will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Sublessee may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Sublessee's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Sublessee will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Sublessee is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Sublessee will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of the Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Sublessee will not merge or consolidate with or into any other Person without the prior written consent of the Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Sublessee will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Sublessee's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Sublessee, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Sublessee will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Sublessee. The Sublessee authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Sublessee receives no Government Payments, the Sublessee will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Sublessee will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Sublessee shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Sublessee shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Sublessee in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Sublessee that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Sublessee will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor and any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Sublessee shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Sublessee to comply with any of the provisions of this Section 2(i) shall

constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Sublessee will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Sublessee will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Sublessee will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Sublessee to Secured Party under this Section 4 will be paid by the Sublessee upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Sublessee's records pertaining to the Collateral. The Sublessee will keep accurate and complete records of the Collateral. The Sublessee will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Sublessee will purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Sublessee will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Sublessee will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Sublessee will reimburse the Secured Party on its demand for

any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Sublessee, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date which due, which failure is not cured within any applicable grace period;

(b) The Sublessee does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Sublease or under of any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Sublessee proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Sublessee of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Sublessee's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Sublessee without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Sublessee for the benefit of creditors, or the Sublessee dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Sublessee is dissolved and liquidation of the Sublessee is commenced in accordance with the Sublessee's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Sublessee changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.



## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Sublessee expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Sublessee thereto and shares of Sublessee therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Sublessee to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Sublessee, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Sublessee hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Sublessee agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Sublessee further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Sublessee hereby waiving the application of any doctrine of marshaling.

(e) The Sublessee shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Sublessee's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Sublessee irrevocably appoints the Secured Party, its successors and assigns, as Sublessee's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the

Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Sublessee. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Sublessee nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Sublessee will bind its heirs, personal representatives and permitted successors and assigns; however, the Sublessee may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid

term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND SUBLESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. SUBLESSEE FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Sublessee until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Sublessee agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Sublessee, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Sublessee and to name therein the Sublessee as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Sublessee as debtor and the Secured Party and/or HUD, as secured parties. The Sublessee hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Sublessee, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Sublessee and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Sublessee under this Agreement. The power of attorney granted hereby is coupled with an

interest and is irrevocable. The Secured Party is also authorized by the Sublessee to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Sublessee's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Sublessee will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Sublessee under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Sublessee to the Secured Party; however, nothing in this Agreement will be deemed to give to the Sublessee the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Sublessee makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Sublessee shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Sublessee alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and

requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Sublessee as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

## 19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Sublessee in and to the following, in each case arising from the Sublessee's operation of the Project in the ordinary course of the Sublessee's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Sublessee's equipment, inventory or other goods, other than accounts arising from the sale of Sublessee's inventory in the ordinary course of the Sublessee's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Sublessee.

"Eligible AR Loan" means a loan or line of credit obtained by the Sublessee from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender, the Sublessee, the Master Tenant, and the Borrower, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of Secured Party and HUD, the Sublessee may obtain and maintain at any time one, and only one, Eligible AR Loan,

which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral" (composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term (as defined in the Lease) of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s).

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Sublessee shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Sublessee shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Sublessee regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

## 20. WAIVERS.

(a) No act or thing need occur to establish the liability of the Sublessee hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall

in any way exonerate the Sublessee or modify, reduce, limit or release the liability of the Sublessee hereunder.

(b) The Sublessee will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Sublessee against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Sublessee and the Borrower and/or Master Tenant has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Sublessee and without any notice to the Sublessee. The liability of the Sublessee shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Sublessee): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Master Tenant, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Master Tenant or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Sublessee waives any and all defenses, claims and discharges of Borrower, Master Tenant or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Sublessee will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Master Tenant or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Master Tenant or any such other Person, whether or not on account of a related transaction. The Sublessee expressly agrees that the Sublessee shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Sublessee waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Master Tenant, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Sublessee under this Agreement is in addition to and shall be cumulative with all other liabilities of the Sublessee to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Sublessee hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Sublessee waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Sublessee further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.



(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Sublessee with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Sublessee is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Sublessee. The Sublessee's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Sublessee with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Sublessee and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Sublessee and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

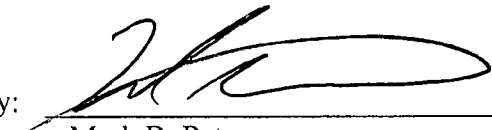
[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SUBLESSEE:**

**PETERSEN MANAGEMENT COMPANY, LLC,**  
an Illinois limited liability company

By:

A handwritten signature in black ink, appearing to read 'Mark B. Petersen', written over a horizontal line.

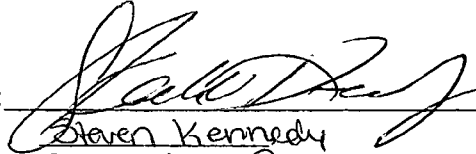
Mark B. Petersen,  
Manager

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**EXHIBIT B TO SUBLESSEE SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO SUBLESSEE SECURITY AGREEMENT**

**Other Names Used by Sublessee in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Sublessee's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6653	FirstMerit Bank N.A.	Operating	None
██████████ 6629	FirstMerit Bank N.A.	Operating	Medicare/Medicaid

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Sublessee's obligations in this regard.

WHITE OAK REHAB & HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

### SUBLESSEE SECURITY AGREEMENT

**THIS SUBLESSEE SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN MANAGEMENT COMPANY, LLC**, an Illinois limited liability company, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois Illinois (the "Sublessee" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY**, an Ohio corporation, having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

#### Recitals

A. Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 30, LLC (the "Borrower"), in the maximum principal amount of \$2,497,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as White Oak Rehab & Health Center FHA Project No. 072-22125 (the "Project"), located at 1700 White Street, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Petersen MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a HUD Facilities Master Lease dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to the Sublessee by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement") and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

B. As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Master Tenant entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement") and (ii) the Sublessee has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, this Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master



Tenant and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** The Sublessee is affiliated with the Borrower and Master Tenant, and will benefit directly from the making of the Loan.

**D.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Sublessee Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Sublessee hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Sublessee's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant and/or the Sublessee under the Note, the Mortgage or any of the other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

#### **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Sublessee promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Sublessee has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Sublessee has full power and authority to enter into and perform its obligations under this Agreement; (iv) except to the extent expressly permitted pursuant to Section 19 hereof, rights granted to the Borrower under the Master Lease and/or rights granted to the Master Tenant under the Sublease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights") and taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien"); (v) the Sublessee keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Sublessee during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Sublessee has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Sublessee's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Sublessee's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Sublessee's exact legal name is as set forth in the first paragraph of this Agreement; (x) Sublessee's organizational number (if any) as assigned by the State in which Sublessee is organized is the number identified as Sublessee's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Sublessee has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) The Sublessee will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof, except those Liens, if any, approved in writing by Secured Party ("Permitted Liens"), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Sublessee will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party and Subordinate Lease Rights, and except to the extent expressly permitted pursuant to Section 19 hereof. The Sublessee, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Sublessee may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and

any policy of insurance thereon. The Sublessee will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Sublessee will have the right, without the Secured Party's consent, to transfer, sell or dispose of any Collateral which is (i) tangible personal property and (ii) obsolete or worn out ("Consumed Property") if the Sublessee, concurrently with such transfer, sale or disposition, replaces the Consumed Property with replacement personal property which is free and clear of any Liens except for the Liens in favor of the Secured Party and Subordinate Lease Rights and has the same or greater value and utility as the Consumed Property originally had (any such replacement personal property will automatically become a part of the Collateral under this Agreement). The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Project ("Collateral Location"), and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 2(c) above or (ii) being removed in accordance with the terms of Section 2(e) below. Immediately on demand therefor by the Secured Party, the Sublessee will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title). The Sublessee will give the Secured Party not less than 30 days prior written notice of any change of (A) Sublessee's corporate, partnership, limited liability company, doing business, trade or legal name or (B) any Collateral Location.

(e) The Sublessee will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in this connection, the Sublessee may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Sublessee's fulfilling of its obligations under this Section 2(e), and does not affect the priority of the security interests created under this Agreement.

(f) The Sublessee will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Sublessee is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Sublessee will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of the Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Sublessee will not merge or consolidate with or into any other Person without the prior written consent of the Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments to the Sublessee with respect to the operation of the

Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from a Government Account (defined below). The Sublessee will not establish a Deposit Account unless (A) with respect to any such proposed Deposit Account (other than those set forth on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (B) contemporaneously therewith, if requested by the Secured Party consistent with the Sublessee's obligations under Section 14, a control agreement in form and substance acceptable to the Secured Party is entered into among the Sublessee, the Secured Party and the depository bank where the Deposit Account would be maintained (any such depository bank is referred to herein as a "Depository Bank" and any such control agreement is referred to herein as a "DACA"), unless the Deposit Account is a Government Account. A DACA may not be changed or terminated without the prior written consent of the Secured Party. Upon the Secured Party's written request (which request need be made only once and not on a recurring basis), the Sublessee will take all reasonable steps to cause each Depository Bank to provide to the Secured Party, (I) whether by Internet access or otherwise, on-line screen access to daily activity in the Deposit Accounts, and (II) a copy of each periodic account statement relating to the Deposit Accounts ordinarily furnished by such Depository Bank to the Sublessee. The Sublessee authorizes and approves of the Secured Party communicating directly with each Depository Bank. Unless the Sublessee receives no Government Payments, the Sublessee will maintain one or more separate Deposit Account(s) into which only Government Payments (defined below) are deposited (collectively, the "Government Accounts"), and the Sublessee will not commingle in any Government Account proceeds of accounts from non-governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. The Sublessee shall cause all Government Payments related to the operation of the Project to be paid directly into the Government Accounts. Prior to establishing a Government Account, the Sublessee shall cause the Depository Bank that maintains such Government Account to enter into a deposit account instruction services agreement with the Secured Party and the Sublessee in form and substance acceptable to the Secured Party with respect to such Government Account (each, a "DAISA"), which requires initiation of a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Account to a Deposit Account of Sublessee that is subject to a DACA and is not a Government Account. Not less than thirty (30) days prior to the effective date thereof, the Sublessee will provide to the Secured Party a copy of (i) any change to any DAISA, or (ii) any new directions with respect to a Government Account issued to a Depository Bank maintaining such Government Account, in each case contemporaneously with providing the change or directions to the Depository Bank. Without limiting the generality of the foregoing, without the prior written consent of the Secured Party, neither a change to any DAISA nor any such new directions shall instruct a Depository Bank to transfer funds from the Government Account to a Deposit Account that is not then subject to a DACA. No change to or termination of a DAISA, nor and any such new directions with respect to a Government Account, shall be made without the prior written consent of the Secured Party. Also, the Sublessee shall not close a Government Account subject to a DAISA without the prior written consent of the Secured Party. Failure of Sublessee to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social

Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Sublessee will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Sublessee will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Sublessee will pay and, as applicable, reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Loan Documents. All amounts payable by Sublessee to Secured Party under this Section 4 will be paid by the Sublessee upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Sublessee's records pertaining to the Collateral. The Sublessee will keep accurate and complete records of the Collateral. The Sublessee will give the Secured Party prompt notice of any Event of Default.

**6. INSURANCE.** The Sublessee will purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Sublessee will purchase and maintain at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Sublessee will furnish the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Sublessee will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this Section 7. All

of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Sublessee, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date which due, which failure is not cured within any applicable grace period;

(b) The Sublessee does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Sublease or under of any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Sublessee proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Sublessee of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Sublessee's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Sublessee without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Sublessee for the benefit of creditors, or the Sublessee dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Sublessee is dissolved and liquidation of the Sublessee is commenced in accordance with the Sublessee's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Sublessee changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## 9. REMEDIES ON DEFAULT.

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Sublessee expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Sublessee thereto and shares of Sublessee therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Sublessee to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Sublessee, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Sublessee hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Sublessee agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Sublessee further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Sublessee hereby waiving the application of any doctrine of marshaling.

(e) The Sublessee shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Sublessee's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Sublessee irrevocably appoints the Secured Party, its successors and assigns, as Sublessee's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the

Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Sublessee. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Sublessee nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Sublessee will bind its heirs, personal representatives and permitted successors and assigns; however, the Sublessee may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid



term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND SUBLESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. SUBLESSEE FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Sublessee until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Sublessee agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Sublessee, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Sublessee and to name therein the Sublessee as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Sublessee as debtor and the Secured Party and/or HUD, as secured parties. The Sublessee hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Sublessee, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Sublessee and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Sublessee under this Agreement. The power of attorney granted hereby is coupled with an

interest and is irrevocable. The Secured Party is also authorized by the Sublessee to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Sublessee's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Sublessee will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Sublessee under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Sublessee to the Secured Party; however, nothing in this Agreement will be deemed to give to the Sublessee the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Sublessee makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Sublessee shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Sublessee alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and

requirements of any of the Loan Documents, the obligation to grant such consent or give such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Sublessee as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Sublessee, or to any other party claiming through the Sublessee, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

## 19. PROVISIONS REGARDING ACCOUNTS RECEIVABLE LOANS.

(a) Definitions. The following words and terms shall have the meanings hereinafter set forth:

"Accounts" shall mean all right, title and interest of the Sublessee in and to the following, in each case arising from the Sublessee's operation of the Project in the ordinary course of the Sublessee's business: (a) all rights to payment of a monetary obligation, whether or not earned by performance, including, but not limited to, accounts (including, but not limited to accounts receivable, health-care insurance receivables, Medicaid and Medicare receivables, Veterans Administration receivables, or other governmental receivables, private patient receivables, and HMO receivables), (b) payment intangibles, (c) guaranties, letter-of-credit rights and other supporting obligations relating to the property described in clauses (a) and (b), and (d) all of the proceeds of the property described in clauses (a), (b) and (c). Notwithstanding the foregoing, "Accounts" do not include accounts arising from the sale of the Sublessee's equipment, inventory or other goods, other than accounts arising from the sale of Sublessee's inventory in the ordinary course of the Sublessee's business.

"Eligible AR Lender" means a bank, financial institution or other institutional lender which is in the business of making loans to provide working capital to businesses and which is not affiliated with the Sublessee.

"Eligible AR Loan" means a loan or line of credit obtained by the Sublessee from an Eligible AR Lender (a) for the sole purpose of providing working capital for the operation of the Project and, with the approval of HUD and Secured Party, other projects that are encumbered by mortgage loans insured or held by HUD and (b) which satisfies all of the requirements of this Section 19.

"Required Intercreditor Agreement" means an Intercreditor Agreement (including any HUD-required Rider) executed by the Secured Party, the Eligible AR Lender, the Sublessee, the Master Tenant, and the Borrower, in form and substance satisfactory to Secured Party and approved by HUD.

(b) Eligible AR Loan. Subject to the written approval of Secured Party and HUD, the Sublessee may obtain and maintain at any time one, and only one, Eligible AR Loan,

which Eligible AR Loan may be secured by a first lien on the "AR Lender Priority Collateral" (composed of Accounts and as further defined in the Required Intercreditor Agreement), subject to the following limitations and requirements:

(i) in no event shall the principal amount of the Eligible AR Loan ever exceed such amount as may be approved in writing by Secured Party and HUD;

(ii) without the written approval of the Secured Party, none of the Collateral, except the AR Lender Priority Collateral, shall be given as security for any Eligible AR Loan;

(iii) with respect to any existing Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement prior to closing of the Loan;

(iv) with respect to any other Eligible AR Loan, the Eligible AR Lender, Sublessee and Secured Party shall have executed, and HUD shall have approved, the Required Intercreditor Agreement before such Eligible AR Loan is closed, any funds are disbursed thereunder, any UCC financing statements are filed in connection therewith or any security interest in connection therewith is granted or perfected;

(v) the Eligible AR Loan, the collateral therefor and all of the terms and conditions thereof shall at all times comply with all of the terms and conditions of the applicable Required Intercreditor Agreement; and

(vi) until the Eligible AR Loan is paid in full, the written approval of the Secured Party and HUD is required for any proposed modifications, extensions, renewals, or amendments to a Material Term (as defined in the Lease) of the Eligible AR Loan or the related security agreement, prior to the effective date of such amendment(s).

(c) Required Intercreditor Agreement. Each Required Intercreditor Agreement shall be included in the definition of the Loan Documents while it is in effect. The Sublessee shall comply at all times with the Required Intercreditor Agreement then in effect.

(d) Information. Sublessee shall, from time to time, promptly following a request by Secured Party or HUD, provide to Secured Party and/or HUD (i) any and all information and documents available to Sublessee regarding any Eligible AR Loan and/or AR Lender Priority Collateral (including, but not limited to histories of draws upon, payments on account of, and outstanding balances with respect to, the Eligible AR Loan) and (ii) copies of any and all documents evidencing, securing and/or related to any Eligible AR Loan and/or any amendments thereto.

## 20. WAIVERS.

(a) No act or thing need occur to establish the liability of the Sublessee hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall

in any way exonerate the Sublessee or modify, reduce, limit or release the liability of the Sublessee hereunder.

(b) The Sublessee will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Sublessee against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Sublessee and the Borrower and/or Master Tenant has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Sublessee and without any notice to the Sublessee. The liability of the Sublessee shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Sublessee): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Master Tenant, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue Borrower, Master Tenant or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Sublessee waives any and all defenses, claims and discharges of Borrower, Master Tenant or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Sublessee will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Master Tenant or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Master Tenant or any such other Person, whether or not on account of a related transaction. The Sublessee expressly agrees that the Sublessee shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Sublessee waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Master Tenant, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Sublessee under this Agreement is in addition to and shall be cumulative with all other liabilities of the Sublessee to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Sublessee hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Sublessee waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Sublessee further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement, any Required Intercreditor Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Sublessee with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Sublessee is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Sublessee. The Sublessee's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Sublessee with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Sublessee and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Sublessee and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

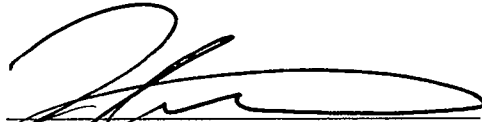
[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SUBLESSEE:**

**PETERSEN MANAGEMENT COMPANY, LLC,**  
an Illinois limited liability company

By:

A handwritten signature in black ink, appearing to read 'Mark B. Petersen', written over a horizontal line.

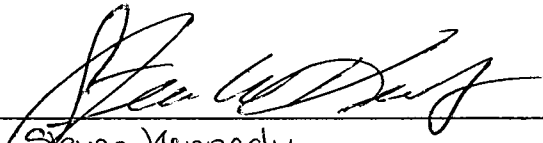
Mark B. Petersen,  
Manager



**COUNTERPART SIGNATURE PAGE TO SUBLESSEE SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:   
Steven Kennedy  
Senior Vice President

**EXHIBIT A  
LEGAL DESCRIPTION**

TRACT 1:

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

TRACT 2:

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

**EXHIBIT B TO SUBLESSEE SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises").

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Premises, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Premises and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Premises in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Premises and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guaranties of leases, subleases and guaranties of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Premises, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made ("Awards") with respect to the Premises as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Premises (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Premises;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (f) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term "accounts receivable" shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Debtor relating to the Premises or (iii) all other rights of the Debtor to receive payment of any kind with respect to the Premises;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guaranties of leases, subleases and guaranties of subleases, instruments, inventory, documents, deposit accounts or cash.

**EXHIBIT C TO SUBLESSEE SECURITY AGREEMENT**

**Other Names Used by Sublessee in Previous Five Years** (see Section 2(a) of Agreement):  
None

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
None

**Sublessee's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Accounts</u> (see note below)
██████████ 6653	FirstMerit Bank N.A.	Operating	None
██████████ 6629	FirstMerit Bank N.A.	Operating	Medicare/Medicaid

Note: Designate if Deposit Account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such Deposit Account is solely for such deposits or whether the Deposit Account commingles other non-governmental deposits. See Section 2(i) of the Agreement for the Sublessee's obligations in this regard.

# **Exhibit J**

**PALM TERRACE OF MATTOON**

**COLES COUNTY, ILLINOIS**

**MEMBER SECURITY AGREEMENT**

**THIS MEMBER SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN HEALTH CARE II, INC.**, an Illinois corporation, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Member" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 23, LLC (the "Borrower"), in the maximum principal amount of \$4,673,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Palm Terrace of Mattoon, FHA Project No. 072-22127 (the "Project"), located at 1000 Palm Avenue, Mattoon, Coles County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Peterson MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement"), (ii) the Master Tenant has entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement"), and



(iii) the Member has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, the Member, and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Member is affiliated with the Borrower and is the sole member of Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below). Certain of the Government Payments made to Sublessee by the State of Illinois are made payable to Member (the "Illinois Government Payments").

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Member hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Member's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, the Member and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant, the Member and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant, the Member and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant, the Member and/or the Sublessee under the Note, the Mortgage or any of the

other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Member promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Member has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Member has full power and authority to enter into and perform its obligations under this Agreement; (iv) except (A) for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), (B) to the extent expressly permitted pursuant to Section 19 hereof, and (C) for taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (1) the security interest in favor of the Secured Party, and (2) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Member keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Member during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Member has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Member's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Member's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Member's exact legal name is as set forth in the first paragraph of this Agreement; (x) Member's organizational number (if any) as assigned by the State in which Member is organized is the number identified as Member's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Member has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Member will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in

favor of Secured Party and Permitted Liens. The Member will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Member, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Member for deposit into bank accounts maintained by Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Member may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Member will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) The Member will give the Secured Party not less than 30 days prior written notice of any change of Member's corporate, partnership, limited liability company, doing business, trade or legal name.

(e) Member represents and warrants to Secured Party that it (i) has no ownership interest in the Government Accounts or the Government Payments (including, without limitation, the Illinois Government Payments) and (ii) receives the Illinois Government Payments solely as the agent of, and in trust for, Sublessee.

(f) The Member will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Member is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Member will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Member will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments (including, without limitation, Government Payments) to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from the Government Account (defined

below). The Member acknowledges and agrees that (A) it receives the Illinois Government Payments in trust for the benefit of Sublessee; (B) that all such amounts constitute "Project Funds" that are subject to the terms of the Loan Documents including but not limited to the Borrower Regulatory Agreement, the Master Tenant Agreement, and the Sublessee Regulatory Agreement; and (C) immediately upon receipt of an Illinois Government Payment, the Member shall deposit such Illinois Government Payment into the Government Account. As used herein, "Government Account" means the Deposit Account maintained by Sublessee for the deposit of the proceeds of accounts from governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. Failure of Member to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid (including, without limitations, the Illinois Government Payments) and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Member will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Member will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Member will pay and, as applicable, reimburse the Secured Party for any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan. All amounts payable by Member to Secured Party under this Section 4 will be paid by the Member upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Member's records pertaining to the Collateral. The Member will keep accurate and complete records of the Collateral. The Member will give the Secured Party prompt notice of any Event of Default.

**6. INTENTIONALLY OMITTED**

**7. INTENTIONALLY OMITTED**

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Member, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Member does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Member proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Member of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Member's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Member without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Member for the benefit of creditors, or the Member dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Member is dissolved and liquidation of the Member is commenced in accordance with the Member's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Member changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Member expressly waives, and proceed to enforce payment of

the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Member thereto and shares of Member therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Member to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Member, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Member agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Member further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Member hereby waiving the application of any doctrine of marshaling.

(e) The Member shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Member's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Member irrevocably appoints the Secured Party, its successors and assigns, as Member's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Member. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Member nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Member will bind its heirs, personal representatives and permitted successors and assigns; however, the Member may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context

indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MEMBER EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MEMBER FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Member until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Member agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Member, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Member and to name therein the Member as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Member as debtor and the Secured Party and/or HUD, as secured parties. The Member hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Member, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Member and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Member under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Member to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without



limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Member's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Member will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Member under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Member to the Secured Party; however, nothing in this Agreement will be deemed to give to the Member the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Member makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Member shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Member alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Member as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Member, or to any other party claiming through the Member, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Member, or to any other party claiming through the Member, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. ACCOUNTS RECEIVABLE FINANCING.** Secured Party acknowledges that Sublessee has obtained the Eligible AR Loan from Eligible AR Lender (as both terms are defined in the Sublessee Security Agreement). Pursuant to the Required Intercreditor Agreement (as defined in the Sublessee Security Agreement), Secured Party has agreed that Eligible AR Lender has the first priority security interest in Sublessee's Accounts (as defined in the Sublessee Security Agreement) and the proceeds thereof, including, without limitation, the Illinois Government Payments.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Member hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Member or modify, reduce, limit or release the liability of the Member hereunder.

(b) The Member will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Member against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Member and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Member and without any notice to the Member. The liability of the Member shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Member): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any

full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Member waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Member will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Member expressly agrees that the Member shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Member waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Member under this Agreement is in addition to and shall be cumulative with all other liabilities of the Member to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Member hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Member waives all setoffs and counterclaims and all presentments, demands for performance, notices of

nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Member further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Member or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant, Member and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Member with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Member is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Member. The Member's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Member with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Member and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.


**IN WITNESS WHEREOF**, the Member and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE MEMBER:**

**PETERSEN HEALTH CARE II, INC.,**  
an Illinois corporation

By:  \_\_\_\_\_

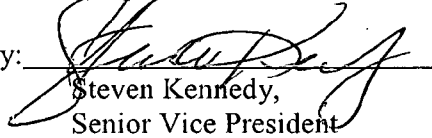
Mark B. Petersen,  
President

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy,  
Senior Vice President

**EXHIBIT A TO MEMBER SECURITY AGREEMENT**  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000



**EXHIBIT B TO MEMBER SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

**EXHIBIT C TO MEMBER SECURITY AGREEMENT**

**Other Names Used by Member in Previous Five Years** (see Section 2(a) of Agreement):  
WHITE OAK REHABILITATION & HEALTH CARE CENTER

WATSEKA REHABILITATION & HEALTH CARE CENTER

TWIN LAKES REHABILITATION & HEALTH CARE CENTER

TOULON REHABILITATION & HEALTH CARE CENTER

SWANSEA REHABILITATION & HEALTH CARE CENTER

SULLIVAN REHABILITATION & HEALTH CARE CENTER

SIMPLE BLESSINGS

ROYAL OAKS CARE CENTER

PALM TERRACE OF MATTOON

MT. VERNON HEALTH CARE CENTER

FLORA REHABILITATION & HEALTH CARE CENTER

COURTYARD ESTATES OF SULLIVAN

CASEY HEALTH CARE CENTER

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Member's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:* None

FLORA HEALTH CENTER

CLAY COUNTY, ILLINOIS

**MEMBER SECURITY AGREEMENT**

**THIS MEMBER SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN HEALTH CARE II, INC.**, an Illinois corporation, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Member" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 26, LLC (the "Borrower"), in the maximum principal amount of \$3,824,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Flora Health Center, FHA Project No. 072-22124 (the "Project"), located at 232 Given Street, Flora, Clay County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Peterson MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement"), (ii) the Master Tenant has entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement"), and

(iii) the Member has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, the Member, and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

**C.** The Member is affiliated with the Borrower and is the sole member of Sublessee, and will benefit directly from the making of the Loan.

**D.** As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below). Certain of the Government Payments made to Sublessee by the State of Illinois are made payable to Member (the "Illinois Government Payments").

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Member hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Member's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, the Member and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant, the Member and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant, the Member and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant, the Member and/or the Sublessee under the Note, the Mortgage or any of the

other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Member promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Member has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Member has full power and authority to enter into and perform its obligations under this Agreement; (iv) except (A) for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), (B) to the extent expressly permitted pursuant to Section 19 hereof, and (C) for taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (1) the security interest in favor of the Secured Party, and (2) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Member keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Member during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Member has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Member's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Member's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Member's exact legal name is as set forth in the first paragraph of this Agreement; (x) Member's organizational number (if any) as assigned by the State in which Member is organized is the number identified as Member's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Member has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Member will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in

favor of Secured Party and Permitted Liens. The Member will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Member, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Member for deposit into bank accounts maintained by Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Member may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Member will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) The Member will give the Secured Party not less than 30 days prior written notice of any change of Member's corporate, partnership, limited liability company, doing business, trade or legal name.

(e) Member represents and warrants to Secured Party that it (i) has no ownership interest in the Government Accounts or the Government Payments (including, without limitation, the Illinois Government Payments) and (ii) receives the Illinois Government Payments solely as the agent of, and in trust for, Sublessee.

(f) The Member will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Member is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Member will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Member will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments (including, without limitation, Government Payments) to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from the Government Account (defined

below). The Member acknowledges and agrees that (A) it receives the Illinois Government Payments in trust for the benefit of Sublessee; (B) that all such amounts constitute "Project Funds" that are subject to the terms of the Loan Documents including but not limited to the Borrower Regulatory Agreement, the Master Tenant Agreement, and the Sublessee Regulatory Agreement; and (C) immediately upon receipt of an Illinois Government Payment, the Member shall deposit such Illinois Government Payment into the Government Account. As used herein, "Government Account" means the Deposit Account maintained by Sublessee for the deposit of the proceeds of accounts from governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. Failure of Member to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid (including, without limitations, the Illinois Government Payments) and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Member will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Member will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Member will pay and, as applicable, reimburse the Secured Party for any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan. All amounts payable by Member to Secured Party under this Section 4 will be paid by the Member upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Member's records pertaining to the Collateral. The Member will keep accurate and complete records of the Collateral. The Member will give the Secured Party prompt notice of any Event of Default.

**6. INTENTIONALLY OMITTED**

**7. INTENTIONALLY OMITTED**

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Member, will be an "Event of Default" under this Agreement:



(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Member does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Member proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Member of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Member's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Member without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Member for the benefit of creditors, or the Member dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Member is dissolved and liquidation of the Member is commenced in accordance with the Member's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Member changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Member expressly waives, and proceed to enforce payment of

the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Member thereto and shares of Member therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Member to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Member, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Member agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Member further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Member hereby waiving the application of any doctrine of marshaling.

(e) The Member shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Member's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Member irrevocably appoints the Secured Party, its successors and assigns, as Member's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Member. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Member nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Member will bind its heirs, personal representatives and permitted successors and assigns; however, the Member may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context

indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MEMBER EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MEMBER FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Member until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Member agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Member, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Member and to name therein the Member as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Member as debtor and the Secured Party and/or HUD, as secured parties. The Member hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Member, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Member and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Member under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Member to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without

limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Member's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Member will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Member under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Member to the Secured Party; however, nothing in this Agreement will be deemed to give to the Member the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Member makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Member shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Member alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Member as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Member, or to any other party claiming through the Member, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Member, or to any other party claiming through the Member, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. ACCOUNTS RECEIVABLE FINANCING.** Secured Party acknowledges that Sublessee has obtained the Eligible AR Loan from Eligible AR Lender (as both terms are defined in the Sublessee Security Agreement). Pursuant to the Required Intercreditor Agreement (as defined in the Sublessee Security Agreement), Secured Party has agreed that Eligible AR Lender has the first priority security interest in Sublessee's Accounts (as defined in the Sublessee Security Agreement) and the proceeds thereof, including, without limitation, the Illinois Government Payments.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Member hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Member or modify, reduce, limit or release the liability of the Member hereunder.

(b) The Member will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Member against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Member and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Member and without any notice to the Member. The liability of the Member shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Member): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any

full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Member waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Member will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Member expressly agrees that the Member shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Member waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Member under this Agreement is in addition to and shall be cumulative with all other liabilities of the Member to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Member hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Member waives all setoffs and counterclaims and all presentments, demands for performance, notices of

nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Member further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Member or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant, Member and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Member with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Member is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Member. The Member's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Member with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Member and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.



(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.


**IN WITNESS WHEREOF**, the Member and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE MEMBER:**

**PETERSEN HEALTH CARE II, INC.,**  
an Illinois corporation

By:  \_\_\_\_\_

Mark B. Petersen,  
President

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT A TO MEMBER SECURITY**  
**AGREEMENT**  
**LEGAL DESCRIPTION**

TRACT I:

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

TRACT II:

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

**EXHIBIT B TO MEMBER SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

**EXHIBIT C TO MEMBER SECURITY AGREEMENT**

**Other Names Used by Member in Previous Five Years** (see Section 2(a) of Agreement):  
WHITE OAK REHABILITATION & HEALTH CARE CENTER

WATSEKA REHABILITATION & HEALTH CARE CENTER

TWIN LAKES REHABILITATION & HEALTH CARE CENTER

TOULON REHABILITATION & HEALTH CARE CENTER

SWANSEA REHABILITATION & HEALTH CARE CENTER

SULLIVAN REHABILITATION & HEALTH CARE CENTER

SIMPLE BLESSINGS

ROYAL OAKS CARE CENTER

PALM TERRACE OF MATTOON

MT. VERNON HEALTH CARE CENTER

FLORA REHABILITATION & HEALTH CARE CENTER

COURTYARD ESTATES OF SULLIVAN

CASEY HEALTH CARE CENTER

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Member's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:* None

TOULON HEALTH CENTER

STARK COUNTY, ILLINOIS

**MEMBER SECURITY AGREEMENT**

**THIS MEMBER SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN HEALTH CARE II, INC.**, an Illinois corporation, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Member" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 27, LLC (the "Borrower"), in the maximum principal amount of \$5,272,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Toulon Health Center, FHA Project No. 071-22262 (the "Project"), located at 700 East Main Street, Toulon, Stark County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Peterson MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement"), (ii) the Master Tenant has entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement"), and



(iii) the Member has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, the Member, and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Member is affiliated with the Borrower and is the sole member of Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below). Certain of the Government Payments made to Sublessee by the State of Illinois are made payable to Member (the "Illinois Government Payments").

#### **Statement of Agreement**

##### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Member hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Member's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, the Member and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant, the Member and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant, the Member and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant, the Member and/or the Sublessee under the Note, the Mortgage or any of the

other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## 2. REPRESENTATIONS; GENERAL COVENANTS.

(a) To induce the Secured Party to make the Loan, the Member promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Member has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Member has full power and authority to enter into and perform its obligations under this Agreement; (iv) except (A) for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), (B) to the extent expressly permitted pursuant to Section 19 hereof, and (C) for taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (1) the security interest in favor of the Secured Party, and (2) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Member keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Member during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Member has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Member's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Member's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Member's exact legal name is as set forth in the first paragraph of this Agreement; (x) Member's organizational number (if any) as assigned by the State in which Member is organized is the number identified as Member's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Member has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Member will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in

favor of Secured Party and Permitted Liens. The Member will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Member, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Member for deposit into bank accounts maintained by Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Member may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Member will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) The Member will give the Secured Party not less than 30 days prior written notice of any change of Member's corporate, partnership, limited liability company, doing business, trade or legal name.

(e) Member represents and warrants to Secured Party that it (i) has no ownership interest in the Government Accounts or the Government Payments (including, without limitation, the Illinois Government Payments) and (ii) receives the Illinois Government Payments solely as the agent of, and in trust for, Sublessee.

(f) The Member will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Member is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Member will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Member will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments (including, without limitation, Government Payments) to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from the Government Account (defined

below). The Member acknowledges and agrees that (A) it receives the Illinois Government Payments in trust for the benefit of Sublessee; (B) that all such amounts constitute "Project Funds" that are subject to the terms of the Loan Documents including but not limited to the Borrower Regulatory Agreement, the Master Tenant Agreement, and the Sublessee Regulatory Agreement; and (C) immediately upon receipt of an Illinois Government Payment, the Member shall deposit such Illinois Government Payment into the Government Account. As used herein, "Government Account" means the Deposit Account maintained by Sublessee for the deposit of the proceeds of accounts from governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. Failure of Member to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid (including, without limitations, the Illinois Government Payments) and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Member will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Member will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Member will pay and, as applicable, reimburse the Secured Party for any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan. All amounts payable by Member to Secured Party under this Section 4 will be paid by the Member upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Member's records pertaining to the Collateral. The Member will keep accurate and complete records of the Collateral. The Member will give the Secured Party prompt notice of any Event of Default.

**6. INTENTIONALLY OMITTED**

**7. INTENTIONALLY OMITTED**

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Member, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Member does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Member proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Member of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Member's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Member without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Member for the benefit of creditors, or the Member dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Member is dissolved and liquidation of the Member is commenced in accordance with the Member's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Member changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Member expressly waives, and proceed to enforce payment of

the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Member thereto and shares of Member therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Member to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Member, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Member agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Member further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Member hereby waiving the application of any doctrine of marshaling.

(e) The Member shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Member's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Member irrevocably appoints the Secured Party, its successors and assigns, as Member's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Member. This power is coupled with an interest.



#### **10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Member nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Member will bind its heirs, personal representatives and permitted successors and assigns; however, the Member may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

#### **12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context

indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MEMBER EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MEMBER FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Member until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Member agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Member, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Member and to name therein the Member as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Member as debtor and the Secured Party and/or HUD, as secured parties. The Member hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Member, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Member and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Member under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Member to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without



limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Member's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Member will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Member under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Member to the Secured Party; however, nothing in this Agreement will be deemed to give to the Member the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Member makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Member shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Member alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Member as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Member, or to any other party claiming through the Member, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Member, or to any other party claiming through the Member, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. ACCOUNTS RECEIVABLE FINANCING.** Secured Party acknowledges that Sublessee has obtained the Eligible AR Loan from Eligible AR Lender (as both terms are defined in the Sublessee Security Agreement). Pursuant to the Required Intercreditor Agreement (as defined in the Sublessee Security Agreement), Secured Party has agreed that Eligible AR Lender has the first priority security interest in Sublessee's Accounts (as defined in the Sublessee Security Agreement) and the proceeds thereof, including, without limitation, the Illinois Government Payments.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Member hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Member or modify, reduce, limit or release the liability of the Member hereunder.

(b) The Member will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Member against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Member and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Member and without any notice to the Member. The liability of the Member shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Member): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any

full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Member waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Member will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Member expressly agrees that the Member shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Member waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Member under this Agreement is in addition to and shall be cumulative with all other liabilities of the Member to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Member hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Member waives all setoffs and counterclaims and all presentments, demands for performance, notices of

nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Member further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Member or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant, Member and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Member with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Member is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Member. The Member's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Member with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Member and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.



(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

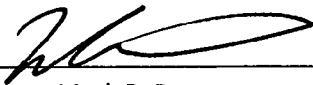
**IN WITNESS WHEREOF**, the Member and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE MEMBER:**

**PETERSEN HEALTH CARE II, INC.,**  
an Illinois corporation

By:  \_\_\_\_\_

Mark B. Petersen,  
President

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By: \_\_\_\_\_

  
Steven Kennedy,  
Senior Vice President

**EXHIBIT A TO MEMBER SECURITY**  
**AGREEMENT**  
**LEGAL DESCRIPTION**

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH -- PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;





THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;

THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;

THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;

THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

**EXHIBIT B TO MEMBER SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

**EXHIBIT C TO MEMBER SECURITY AGREEMENT**

**Other Names Used by Member in Previous Five Years** (see Section 2(a) of Agreement):  
WHITE OAK REHABILITATION & HEALTH CARE CENTER

WATSEKA REHABILITATION & HEALTH CARE CENTER

TWIN LAKES REHABILITATION & HEALTH CARE CENTER

TOULON REHABILITATION & HEALTH CARE CENTER

SWANSEA REHABILITATION & HEALTH CARE CENTER

SULLIVAN REHABILITATION & HEALTH CARE CENTER

SIMPLE BLESSINGS

ROYAL OAKS CARE CENTER

PALM TERRACE OF MATTOON

MT. VERNON HEALTH CARE CENTER

FLORA REHABILITATION & HEALTH CARE CENTER

COURTYARD ESTATES OF SULLIVAN

CASEY HEALTH CARE CENTER

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
None

**Member's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:* None

**MT. VERNON HEALTH CENTER**

**JEFFERSON COUNTY, ILLINOIS**

**MEMBER SECURITY AGREEMENT**

**THIS MEMBER SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN HEALTH CARE II, INC.**, an Illinois corporation, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Member" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 29, LLC (the "Borrower"), in the maximum principal amount of \$2,146,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as Mt. Vernon Health Center, FHA Project No. 072-22123 (the "Project"), located at #5 Doctor's Park Road, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Peterson MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement"), (ii) the Master Tenant has entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement"), and

(iii) the Member has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, the Member, and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Member is affiliated with the Borrower and is the sole member of Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below). Certain of the Government Payments made to Sublessee by the State of Illinois are made payable to Member (the "Illinois Government Payments").

#### **Statement of Agreement**

##### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Member hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Member's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, the Member and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant, the Member and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant, the Member and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant, the Member and/or the Sublessee under the Note, the Mortgage or any of the

other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Member promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Member has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Member has full power and authority to enter into and perform its obligations under this Agreement; (iv) except (A) for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), (B) to the extent expressly permitted pursuant to Section 19 hereof, and (C) for taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (1) the security interest in favor of the Secured Party, and (2) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Member keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Member during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Member has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Member's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Member's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Member's exact legal name is as set forth in the first paragraph of this Agreement; (x) Member's organizational number (if any) as assigned by the State in which Member is organized is the number identified as Member's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Member has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Member will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in

favor of Secured Party and Permitted Liens. The Member will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Member, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Member for deposit into bank accounts maintained by Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Member may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Member will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) The Member will give the Secured Party not less than 30 days prior written notice of any change of Member's corporate, partnership, limited liability company, doing business, trade or legal name.

(e) Member represents and warrants to Secured Party that it (i) has no ownership interest in the Government Accounts or the Government Payments (including, without limitation, the Illinois Government Payments) and (ii) receives the Illinois Government Payments solely as the agent of, and in trust for, Sublessee.

(f) The Member will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Member is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Member will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Member will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments (including, without limitation, Government Payments) to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from the Government Account (defined



below). The Member acknowledges and agrees that (A) it receives the Illinois Government Payments in trust for the benefit of Sublessee; (B) that all such amounts constitute "Project Funds" that are subject to the terms of the Loan Documents including but not limited to the Borrower Regulatory Agreement, the Master Tenant Agreement, and the Sublessee Regulatory Agreement; and (C) immediately upon receipt of an Illinois Government Payment, the Member shall deposit such Illinois Government Payment into the Government Account. As used herein, "Government Account" means the Deposit Account maintained by Sublessee for the deposit of the proceeds of accounts from governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. Failure of Member to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid (including, without limitations, the Illinois Government Payments) and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Member will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Member will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Member will pay and, as applicable, reimburse the Secured Party for any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan. All amounts payable by Member to Secured Party under this Section 4 will be paid by the Member upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Member's records pertaining to the Collateral. The Member will keep accurate and complete records of the Collateral. The Member will give the Secured Party prompt notice of any Event of Default.

**6. INTENTIONALLY OMITTED**

**7. INTENTIONALLY OMITTED**

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Member, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Member does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Member proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Member of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Member's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Member without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Member for the benefit of creditors, or the Member dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Member is dissolved and liquidation of the Member is commenced in accordance with the Member's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Member changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

## **9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Member expressly waives, and proceed to enforce payment of

the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Member thereto and shares of Member therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Member to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Member, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Member agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Member further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Member hereby waiving the application of any doctrine of marshaling.

(e) The Member shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Member's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Member irrevocably appoints the Secured Party, its successors and assigns, as Member's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Member. This power is coupled with an interest.

**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Member nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Member will bind its heirs, personal representatives and permitted successors and assigns; however, the Member may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context

indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MEMBER EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MEMBER FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Member until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Member agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Member, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Member and to name therein the Member as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Member as debtor and the Secured Party and/or HUD, as secured parties. The Member hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Member, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Member and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Member under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Member to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without

limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Member's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Member will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Member under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Member to the Secured Party; however, nothing in this Agreement will be deemed to give to the Member the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Member makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Member shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Member alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Member as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Member, or to any other party claiming through the Member, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Member, or to any other party claiming through the Member, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. ACCOUNTS RECEIVABLE FINANCING.** Secured Party acknowledges that Sublessee has obtained the Eligible AR Loan from Eligible AR Lender (as both terms are defined in the Sublessee Security Agreement). Pursuant to the Required Intercreditor Agreement (as defined in the Sublessee Security Agreement), Secured Party has agreed that Eligible AR Lender has the first priority security interest in Sublessee's Accounts (as defined in the Sublessee Security Agreement) and the proceeds thereof, including, without limitation, the Illinois Government Payments.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Member hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Member or modify, reduce, limit or release the liability of the Member hereunder.

(b) The Member will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Member against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Member and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Member and without any notice to the Member. The liability of the Member shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Member): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any

full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Member waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Member will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Member expressly agrees that the Member shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Member waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Member under this Agreement is in addition to and shall be cumulative with all other liabilities of the Member to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Member hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Member waives all setoffs and counterclaims and all presentments, demands for performance, notices of



nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Member further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Member or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant, Member and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Member with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Member is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Member. The Member's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Member with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Member and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Member and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE MEMBER:**

**PETERSEN HEALTH CARE II, INC.,**  
an Illinois corporation

By: \_\_\_\_\_



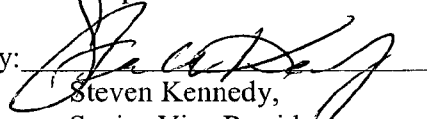
Mark B. Petersen,  
President

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio Corporation

By:

  
Steven Kennedy,  
Senior Vice President

**EXHIBIT A TO MEMBER SECURITY**  
**AGREEMENT**  
**LEGAL DESCRIPTION**

TRACT 1:

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

TRACT 2:

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY

DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER 1970, KNOWN AS TRUST 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3152 (BEING THE DENTAL COMPLEX); ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND THE STATE OF ILLINOIS.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 OF PARCEL 3 FOR INGRESS AND EGRESS TO AND FROM TRACT NOS. 1 AND 2 OF PARCEL 3 TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND TO BE RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

**EXHIBIT B TO MEMBER SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.



**EXHIBIT C TO MEMBER SECURITY AGREEMENT**

**Other Names Used by Member in Previous Five Years** (see Section 2(a) of Agreement):  
WHITE OAK REHABILITATION & HEALTH CARE CENTER

WATSEKA REHABILITATION & HEALTH CARE CENTER

TWIN LAKES REHABILITATION & HEALTH CARE CENTER

TOULON REHABILITATION & HEALTH CARE CENTER

SWANSEA REHABILITATION & HEALTH CARE CENTER

SULLIVAN REHABILITATION & HEALTH CARE CENTER

SIMPLE BLESSINGS

ROYAL OAKS CARE CENTER

PALM TERRACE OF MATTOON

MT. VERNON HEALTH CARE CENTER

FLORA REHABILITATION & HEALTH CARE CENTER

COURTYARD ESTATES OF SULLIVAN

CASEY HEALTH CARE CENTER

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Member's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:* None

**WHITE OAK REHAB & HEALTH CENTER**

**JEFFERSON COUNTY, ILLINOIS**

**MEMBER SECURITY AGREEMENT**

**THIS MEMBER SECURITY AGREEMENT** (the "Agreement") is made, entered into and dated as of April 1, 2013 by and between **PETERSEN HEALTH CARE II, INC.**, an Illinois corporation, whose principal place of business is located at 830 West Trailcreek Dr., Peoria, Illinois 61614 (the "Member" or "Debtor"); and **LANCASTER POLLARD MORTGAGE COMPANY** and having an address at 65 East State Street, 16<sup>th</sup> Floor, Columbus, Ohio 43215 (the "Secured Party"), as follows:

**Recitals**

**A.** Contemporaneously with this Agreement, the Secured Party has made a loan to Petersen 30, LLC (the "Borrower"), in the maximum principal amount of \$2,497,000.00 (the "Loan"). The Loan is (i) evidenced by the Mortgage Note made by the Borrower in favor of the Secured Party, dated as of even date herewith (the "Note") and (ii) secured, in part, by a project known to the Federal Housing Commissioner as White Oak Rehab & Health Center, FHA Project No. 072-22125 (the "Project"), located at 1700 White Street, Mt. Vernon, Jefferson County, Illinois, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Premises"). The Premises are leased to Peterson MT, LLC, an Illinois limited liability company (the "Master Tenant"), by the Borrower pursuant to a Master Lease Agreement dated as of April 1, 2013 (the "Master Lease"). The Premises are subleased to Petersen Management Company, LLC, an Illinois limited liability company (the "Sublessee"), by the Master Tenant pursuant to a Sublease dated as of April 1, 2013 (the "Sublease"), and are the subject of (x) the Regulatory Agreement Nursing Homes – Master Tenant between the Master Tenant and the Federal Housing Commissioner, dated as of even date herewith (the "Master Tenant Regulatory Agreement"), and (y) the Regulatory Agreement Nursing Homes – Sublessee between the Sublessee and the Federal Housing Commissioner, dated as of even date herewith (the "Sublessee Regulatory Agreement").

**B.** As security, in part, for the Obligations (as defined below), the Borrower (i) granted to the Secured Party the Mortgage dated as of even date herewith encumbering the Project, which has been or is being recorded concurrently herewith in the real estate records of the jurisdiction in which the Premises are located (the "Mortgage"), (ii) entered into a Security Agreement, dated as of even date herewith, with the Secured Party (the "Borrower Security Agreement") and (iii) entered into a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("HUD"), dated as of even date herewith (the "Borrower Regulatory Agreement"). As security, in part, for the Obligations (as defined below), (i) the Sublessee has entered into a Sublessee Security Agreement, dated as of even date herewith, with the Secured Party (the "Sublessee Security Agreement"), (ii) the Master Tenant has entered into a Master Tenant Security Agreement, dated as of even date herewith, with the Secured Party (the "Master Tenant Security Agreement"), and

(iii) the Member has entered into this Agreement with the Secured Party. The Note, the Mortgage, the Borrower Security Agreement, the Borrower Regulatory Agreement, this Agreement, the Master Tenant Security Agreement, the Master Tenant Regulatory Agreement, the Sublessee Security Agreement, the Sublessee Regulatory Agreement and all other agreements, instruments, and documents which are now existing or are in the future signed or delivered by, or on behalf of, the Borrower, the Master Tenant, the Member, and/or the Sublessee to the Secured Party and/or HUD, in connection with, or related to, the Master Lease, the Sublease, the Loan or the other Obligations are sometimes collectively referred to as the "Loan Documents."

C. The Member is affiliated with the Borrower and is the sole member of Sublessee, and will benefit directly from the making of the Loan.

D. As used herein, "Healthcare Assets" means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Project for its "Approved Use" (as defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid provider agreements and (iii) any and all "Government Accounts" (as defined below) and "Government Payments" (as defined below). Certain of the Government Payments made to Sublessee by the State of Illinois are made payable to Member (the "Illinois Government Payments").

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations, the Member hereby, to the fullest extent permitted by applicable law with respect to Healthcare Assets, grants to, and creates in favor of, the Secured Party a continuing security interest in all of Member's right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the "Collateral"). "Obligations" means, as of any date, the Loan and all other indebtedness, liabilities, obligations, covenants, debts and amounts owing from the Borrower, the Master Tenant, the Member and/or the Sublessee to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended.

(b) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option, setoff and retain, and may refuse to allow withdrawals by, or for the benefit of the Borrower, Master Tenant, the Member and/or Sublessee of, any and all funds, monies, securities and other property held in escrow or for the account of the Borrower, the Master Tenant, the Member and/or the Sublessee pursuant to the Loan Documents, against any amount payable by the Borrower, the Master Tenant, the Member and/or the Sublessee under the Note, the Mortgage or any of the

other Loan Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Sublessee).

(c) Notwithstanding any provisions to the contrary contained in this Agreement, nothing set forth in this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Healthcare Assets in violation of any applicable law.

## **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan, the Member promises to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) except to the extent expressly permitted pursuant to Section 19 hereof, the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Member has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Member has full power and authority to enter into and perform its obligations under this Agreement; (iv) except (A) for rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party ("Subordinate Lease Rights"), (B) to the extent expressly permitted pursuant to Section 19 hereof, and (C) for taxes that are not yet due and payable, the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a "Lien") except (1) the security interest in favor of the Secured Party, and (2) those Liens, if any, approved in writing by Secured Party (the "Permitted Liens"); (v) the Member keeps all tangible Collateral at the Premises; (vi) all trade names, assumed names, fictitious names and other names used by the Member during the five year period preceding the date of this Agreement are set forth on Exhibit C, and the Member has not, during the preceding five year period, except as may be set forth on Exhibit C, acquired any of its assets in any bulk transfer; (vii) Member's chief executive office is as set forth in the first paragraph of this Agreement; (viii) Member's jurisdiction of organization is as set forth in the first paragraph of this Agreement; (ix) Member's exact legal name is as set forth in the first paragraph of this Agreement; (x) Member's organizational number (if any) as assigned by the State in which Member is organized is the number identified as Member's organizational ID # on the financing statement(s) filed in connection with the closing of the Loan, and (xi) except as may be set forth on Exhibit C, the Member has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any Deposit Accounts (as defined below).

(b) Member will (i) cause, at its expense, any and all UCC financing statements naming as secured party anyone other than Secured Party, which represent or evidence a Lien or potential Lien against any or all of the Collateral, to be terminated within thirty (30) days of the date hereof (except Permitted Liens, if any), and (ii) provide within forty-five (45) days of the date hereof, at its expense, to Secured Party one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all of the Collateral confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in

favor of Secured Party and Permitted Liens. The Member will not grant, create or permit to exist any Lien on any of the Collateral except for the Liens in favor of the Secured Party, Permitted Liens and Subordinate Lease Rights. The Member, at the Secured Party's request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority ("Persons") at any time claiming any interest in the Collateral.

(c) The Collateral will only be used by the Member for deposit into bank accounts maintained by Sublessee in the operation of the Project. Until an Event of Default (as defined below) occurs, the Member may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents and any policy of insurance thereon. The Member will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) The Member will give the Secured Party not less than 30 days prior written notice of any change of Member's corporate, partnership, limited liability company, doing business, trade or legal name.

(e) Member represents and warrants to Secured Party that it (i) has no ownership interest in the Government Accounts or the Government Payments (including, without limitation, the Illinois Government Payments) and (ii) receives the Illinois Government Payments solely as the agent of, and in trust for, Sublessee.

(f) The Member will, upon request of Secured Party, deliver to Secured Party copies of all reports, financial statements and other information which the Member is obligated to provide to HUD in connection with the Project and/or Collateral not later than the earlier of (i) the delivery of such reports, financial statements and other information to HUD or (ii) ten (10) days after Secured Party makes such request.

(g) The Member will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization.

(h) The Member will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(i) As used in this Agreement, the capitalized term "Deposit Account" means (1) any deposit account into which payments (including, without limitation, Government Payments) to the Sublessee with respect to the operation of the Project are initially deposited, as opposed to being transferred from another Project account, and (2) any deposit account into which Government Payments are directly transferred from the Government Account (defined

below). The Member acknowledges and agrees that (A) it receives the Illinois Government Payments in trust for the benefit of Sublessee; (B) that all such amounts constitute "Project Funds" that are subject to the terms of the Loan Documents including but not limited to the Borrower Regulatory Agreement, the Master Tenant Agreement, and the Sublessee Regulatory Agreement; and (C) immediately upon receipt of an Illinois Government Payment, the Member shall deposit such Illinois Government Payment into the Government Account. As used herein, "Government Account" means the Deposit Account maintained by Sublessee for the deposit of the proceeds of accounts from governmental payors with proceeds of accounts owing from governmental authorities, including Government Payments. Failure of Member to comply with any of the provisions of this Section 2(i) shall constitute an "Event of Default." As used herein, "Government Payment" means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid (including, without limitations, the Illinois Government Payments) and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

**3. COMPLIANCE WITH LAWS.** The Member will comply with the requirements of all valid and applicable federal, state and local laws.

**4. TAXES; EXPENSES.** Member will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Member will pay and, as applicable, reimburse the Secured Party for any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including, but not limited to, fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation and/or protection of the Secured Party's rights and/or remedies under the Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Loan. All amounts payable by Member to Secured Party under this Section 4 will be paid by the Member upon the Secured Party's demand therefor.

**5. INSPECTION; NOTICES.** Subject to resident privacy rights, the Secured Party, or its agents, may enter on the Project and any other Collateral Location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Member's records pertaining to the Collateral. The Member will keep accurate and complete records of the Collateral. The Member will give the Secured Party prompt notice of any Event of Default.

**6. INTENTIONALLY OMITTED**

**7. INTENTIONALLY OMITTED**

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not caused by or within the control of the Member, will be an "Event of Default" under this Agreement:

(a) There is a failure to pay any of the Obligations on or before the date when due which failure is not cured within any applicable grace period;

(b) The Member does not observe, perform or comply with any of the terms or conditions of this Agreement;

(c) A default or breach under the Master Lease or any of the Loan Documents (exclusive of this Agreement which is covered by the other subsections of this Section 8) has occurred, which default or breach is not cured within any applicable grace period;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Member proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof;

(f) There occurs any actual or threatened demolition of or injury or waste to the Project premises, not covered by insurance, or not replaced or restored by the Sublessee, Master Tenant or the Borrower, which may materially impair the value of the Collateral or the Project;

(g) Filing by or against the Member of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Member's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Member without its acquiescence therein or thereto at any time, the same is not promptly contested and, within 60 days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Member for the benefit of creditors, or the Member dissolves or is the subject of any dissolution, winding up or liquidation;

(h) The Member is dissolved and liquidation of the Member is commenced in accordance with the Member's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Member changes its name or the jurisdiction in which it is organized or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

**9. REMEDIES ON DEFAULT.**

(a) If an Event of Default occurs, the Secured Party may then, or at any time after the occurrence of an Event of Default, (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Member expressly waives, and proceed to enforce payment of

the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party under (i) the terms of this Agreement and/or any of the other Loan Documents, (ii) under the UCC (as defined in Section 12 below), and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law with respect to Healthcare Assets); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Member thereto and shares of Member therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Member to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of Section 1(b), apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Member, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. To the extent not prohibited by applicable law with respect to Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Member agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Member further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Member hereby waiving the application of any doctrine of marshaling.

(e) The Member shall cooperate in any legal and lawful manner necessary or required, to permit the Secured Party or its successors and assigns to continue to operate and maintain the Project for its Approved Use in Member's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to Healthcare Assets, Member irrevocably appoints the Secured Party, its successors and assigns, as Member's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Member. This power is coupled with an interest.



**10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Loan Document or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Loan Document, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Member nor any other Persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Member will bind its heirs, personal representatives and permitted successors and assigns; however, the Member may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Project is located (the "State") except as to the existence, validity, perfection or priority (and the effect of perfection or non-perfection or invalidity) of any Lien of the Secured Party on any deposit account which will be governed by the laws of the state in which the applicable deposit account is maintained at the applicable bank, savings and loan association, credit union or like organization. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the Uniform Commercial Code, as now enacted in the State or as hereafter amended or superseded (the "UCC"), will have the same meaning herein as in the UCC unless the context

indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "including" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, SECURED PARTY AND MEMBER EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER LOAN DOCUMENTS. MEMBER FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Member until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.** The Member agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral, except to the extent expressly permitted pursuant to Section 19 hereof. At any time and from time to time, the Member, on request of the Secured Party, will give, execute, file and/or record any notice, financing statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements or other documents without the signature of the Member and to name therein the Member as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Member as debtor and the Secured Party and/or HUD, as secured parties. The Member hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Member, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Member and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Member under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Member to give notice to any Person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without

limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Member's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Member will, on Secured Party's request, cause to be executed by each Person that the Secured Party determines is appropriate, a control agreement in a form acceptable to the Secured Party.

**15. INTEREST.** Any amounts payable by the Member under this Agreement will bear interest at the rate of interest provided in the Note from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Member to the Secured Party; however, nothing in this Agreement will be deemed to give to the Member the right to withhold payment in consideration of the payment of such interest.

**16. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three business days after notice was sent by certified or registered mail, (ii) the next business day after being sent by overnight delivery, and (iii) the day the notice was delivered in person.

**17. REVIVAL OF SECURITY INTEREST.** If the Member makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**18. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, or under any of the other Loan Documents, unless a written notice specifically setting forth the claim of the Member shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Member alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Remedies. If it is determined by the final, non-appealable order of a court of competent jurisdiction that the Secured Party has breached any of its obligations under the Loan Documents and has not remedied or cured same with reasonable promptness following receipt of notice thereof, the Secured Party's responsibilities shall be limited to the following: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of any of the Loan Documents, the obligation to grant such consent or give

such approval; and (ii) where the breach involves any other violation of the Loan Documents, or where the Secured Party is determined to have acted in bad faith, the payment of any actual, direct, compensatory damages sustained by the Member as a result thereof.

(c) Limitations. In no event, however, shall the Secured Party be liable to the Member, or to any other party claiming through the Member, for any other damages, including, without limitation, indirect, speculative, or punitive damages, whatever the nature of the breach by the Secured Party of its obligations under any of the Loan Documents. In no event shall the Secured Party be liable to the Member, or to any other party claiming through the Member, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**19. ACCOUNTS RECEIVABLE FINANCING.** Secured Party acknowledges that Sublessee has obtained the Eligible AR Loan from Eligible AR Lender (as both terms are defined in the Sublessee Security Agreement). Pursuant to the Required Intercreditor Agreement (as defined in the Sublessee Security Agreement), Secured Party has agreed that Eligible AR Lender has the first priority security interest in Sublessee's Accounts (as defined in the Sublessee Security Agreement) and the proceeds thereof, including, without limitation, the Illinois Government Payments.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Member hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Member or modify, reduce, limit or release the liability of the Member hereunder.

(b) The Member will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Member against any Person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Member and the Borrower and/or Sublessee has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Member and without any notice to the Member. The liability of the Member shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Member): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower or Sublessee, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any

full or partial release of, settlement with, or agreement not to sue Borrower, Sublessee or any other Person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Member waives any and all defenses, claims and discharges of Borrower, Sublessee or any other obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Member will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower, Sublessee or any other Person liable in respect of any indebtedness, or any setoff available against Secured Party to Borrower, Sublessee or any such other Person, whether or not on account of a related transaction. The Member expressly agrees that the Member shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Member waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to Borrower, Sublessee, or any other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Member under this Agreement is in addition to and shall be cumulative with all other liabilities of the Member to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Member hereby covenants that this Agreement will not be discharged except by complete performance of the obligations contained in this Agreement. Member waives all setoffs and counterclaims and all presentments, demands for performance, notices of

nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Member further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Sublessee, Member or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Sublessee, Master Tenant, Member and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Mortgage shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement and the other Loan Documents represent the entire agreement between the Secured Party and the Member with respect to the subject matter of this Agreement and supersede all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. Neither this Agreement nor any of the other Loan Documents to which Member is a party may be amended, altered or changed other than in a writing signed by the Secured Party and the Member. The Member's warranties and representations in this Agreement will be treated as being continuing warranties and representations, made by the Member with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

## **22. RIGHTS OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT.**

(a) Member and Secured Party hereby agree that HUD shall be an additional secured party under this Security Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the Uniform Commercial Code Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the Uniform Commercial Code Financing Statements shall require the execution, now or any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Healthcare Programs, 451 7th Street S.W., Washington, DC 20410.

**IN WITNESS WHEREOF**, the Member and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

[SEE ATTACHED COUNTERPART SIGNATURE PAGES]

**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE MEMBER:**

**PETERSEN HEALTH CARE II, INC.,**  
an Illinois corporation

By: 

\_\_\_\_\_  
Mark B. Petersen,  
President

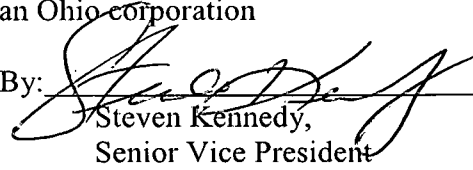


**COUNTERPART SIGNATURE PAGE TO**  
**MEMBER SECURITY AGREEMENT**

**THE SECURED PARTY:**

**LANCASTER POLLARD MORTGAGE COMPANY,**  
an Ohio corporation

By:

  
Steven Kennedy,  
Senior Vice President

**EXHIBIT A TO MEMBER SECURITY**  
**AGREEMENT**  
**LEGAL DESCRIPTION**

TRACT 1:

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

TRACT 2:

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7

IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER 1970, KNOWN AS TRUST 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3152 (BEING THE DENTAL COMPLEX); ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND THE STATE OF ILLINOIS.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 OF PARCEL 3 FOR INGRESS AND EGRESS TO AND FROM TRACT NOS. 1 AND 2 OF PARCEL 3 TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND TO BE RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

**EXHIBIT B TO MEMBER SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the "Premises"):

(a) All Illinois Government Payments;

(b) All of the following items related to the Premises, to the extent Debtor claims any interest therein:

(i) All licenses, permits, certificates and agreements, if any, for the provision of property or services to or in connection with, or otherwise benefiting, the Premises, any nursing home license, assisted living facility license, any and all Medicaid/Medicare Provider Agreements, and any other license necessary for the provision of services at the Premises; however, the Secured Party disclaims a security interest in such of the property described in this item (i) to the extent that a security interest in such property may not be granted to the Secured Party without the forfeiture of the rights of the Debtor (or any assignee of the Debtor) or a default resulting thereunder;

(ii) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Debtor) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including, but not limited to, all of Debtor's rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under the Regulatory Agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(iii) All accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, inventory, goods, cash, bank accounts, certificates of deposits, securities, insurance policies, letters of credit, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Debtor, tangible or intangible, whether or not similar to the property described in this item (iii). As used herein, the term "accounts receivable" shall include (A) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (B) any payments due or to be made to the Debtor relating to the Premises or (C) all other rights of the Debtor to receive payment of any kind with respect to the Premises; and

(iv) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles; and

(c) All products and proceeds of any and all of the property (and interests in property) described herein including, but not limited to, deposit accounts or cash.

Notwithstanding the foregoing, the Collateral shall exclude the Excluded Collateral (as defined below). For purposes of this Exhibit B, "Excluded Collateral" shall mean any Collateral described above of Petersen Health Care II, Inc. directly related to and/or arising out of and/or used solely in the operation of any Project other than the HUD Projects (as defined below). For purposes of this Exhibit B, the "HUD Projects" are those certain skilled nursing facilities known by the following common names and located at the following addresses: (a) Mt. Vernon Health Center, #5 Doctor's Park Road, Mt. Vernon, IL 62864; (b) Flora Rehabilitation and Health Care Center, 232 Given Street, Flora, IL 62839; (c) White Oak Rehabilitation & Health Care Center, 1700 White Street, Mt. Vernon, IL 62864; (d) Casey Health Care Center, 100 Northeast 15th Street, Casey, IL 62420; (e) Palm Terrace of Mattoon, 1000 Palm Avenue, Mattoon, IL 61938, and (f) Toulon Rehabilitation & Health Care Center, 700 East Main Street, Toulon, IL 61483.

**EXHIBIT C TO MEMBER SECURITY AGREEMENT**

**Other Names Used by Member in Previous Five Years** (see Section 2(a) of Agreement):  
WHITE OAK REHABILITATION & HEALTH CARE CENTER

WATSEKA REHABILITATION & HEALTH CARE CENTER

TWIN LAKES REHABILITATION & HEALTH CARE CENTER

TOULON REHABILITATION & HEALTH CARE CENTER

SWANSEA REHABILITATION & HEALTH CARE CENTER

SULLIVAN REHABILITATION & HEALTH CARE CENTER

SIMPLE BLESSINGS

ROYAL OAKS CARE CENTER

PALM TERRACE OF MATTOON

MT. VERNON HEALTH CARE CENTER

FLORA REHABILITATION & HEALTH CARE CENTER

COURTYARD ESTATES OF SULLIVAN

CASEY HEALTH CARE CENTER

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 2(a) of Agreement):  
**None**

**Member's Rights in the Following** (see Section 2(a) of Agreement):

*Investment property:* None

*Letters of Credit:* None

*Electronic Chattel Paper:* None

*Commercial Tort Claims:* None

*Instruments (including promissory notes):* None

*Deposit Accounts:* None

# **Exhibit K**

**DOCUMENT CERTIFICATION**

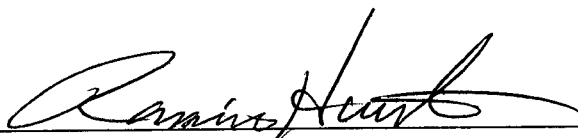
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**

Between Petersen 23, LLC  
and the Secretary of Housing and Urban Development

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-00744343 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent



When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
 Mattoon, Illinois 61938

For Recorder's Office

PALM TERRACE OF MATTOON  
 COLES COUNTY, ILLINOIS

**Regulatory Agreement for  
 Multifamily Housing Projects**

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

**Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits**

Project Number <b>072-22127</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>		
Amount of Mortgage Note <b>\$4,673,000.00</b>		Date <b>as of April 1, 2013</b>		
Mortgage Recorded	State	County	Date	Originally endorsed for insurance under Section
	<b>Illinois</b>	<b>Coles County</b>	<b>Contemporaneously</b>	<b>232, Pursuant to Section</b>
<b>Book</b>		<b>Page</b>	<b>herewith</b>	<b>223(f)</b>

This Agreement, together with the LEAN Rider to Regulatory Agreement for Multifamily Housing Projects attached hereto and made a part hereof (the "Rider"), entered into this as of the 1st day of April, 2013 between **PETERSEN 23, LLC**, an Illinois limited liability company whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614, their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the

Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to

\$10,667.00 per month, unless a different date or amount is approved in writing by the Secretary. See **Rider Paragraph A.**

Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in **Schedule Exhibit A** attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

(b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

(c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;

(ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

(b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

(1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

(2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and

(3) Through such further provisions agreed to in writing by the parties.

(c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.

- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.
6. Owners shall not without the prior written approval of the Secretary:
- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
- (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.
- (c) ~~Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.~~  
See Rider Paragraph B.
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
- (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
- (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
- (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
- (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of
- which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.
- (h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.
- See Rider Paragraph B.**
7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
9. (a) ~~Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.~~  
See Rider Paragraph C.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents. **See Rider Paragraph E.**
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.

(e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary. See Rider Paragraph D.

(f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.

(h) ~~If the mortgage is insured under Section 232:~~

~~(1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.~~

~~(2) The Owners shall suitably equip the project for nursing home operations.~~

~~(3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.~~

~~(i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such~~

~~license as may be required to operate the project as housing for the elderly.~~

See Rider Paragraphs F, G and H.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:

(a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;

(ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;

(b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the

project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

**See Rider Paragraph I.**

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing a skilled nursing home and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
  - (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;
    - (ii) All amounts required to be deposited in the reserve fund for replacements;
    - (iii) All obligations of the project other than the insured mortgage unless funds for payment are

set aside or deferment of payment has been approved by the Secretary; and

(2) the segregation of:

- (i) An amount equal to the aggregate of all special funds required to be maintained by the project; and
  - (ii) All tenant security deposits held.
- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.
  - (h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;
  - (i) "Section" refers to a Section of the National Housing Act, as amended.
  - (j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.
  - (k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

**See Rider Paragraph J.**

- 14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.
- 15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.
- 16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.
- 17. The following Owners: **Petersen 23, LLC, its members and managers, present and future**  
do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control,

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provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

**See Rider Paragraph K.**

**(To be executed with formalities for recording a deed to real estate.)**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR  
MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

PETERSEN 23, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

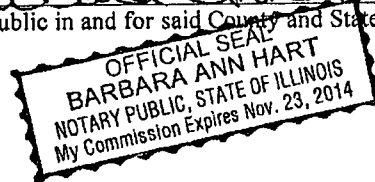
STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.







LEAN Rider  
to Regulatory Agreement for  
Multifamily Housing Projects

This Rider is attached to and made a part of that certain Regulatory Agreement for Multifamily Housing Projects dated as of April, 2013 (the "Agreement") by and between PETERSEN 23, LLC ("Owners") and the Secretary of Housing and Urban Development (the "Secretary") with respect to Palm Terrace of Mattoon, FHA Project No. 072-22127. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended and supplemented as follows:

A. Reserve Fund for Replacements. The following is hereby added to the end of the first subparagraph of paragraph 2(a) of the Agreement:

The amount of the monthly deposits to the reserve fund for replacements shall be subject to change in accordance with the requirements of the Secretary, but such change can be accomplished by a letter from HUD to the Owner and will not necessitate an amendment to the Agreement. In connection therewith, every ten (10) years, the mortgagee shall obtain a physical and capital needs assessment report for the Secretary to evaluate. The cost of such report may be paid from the reserve fund for replacements.

In addition to the required monthly deposits to the said reserve fund, Owners shall make an initial deposit in an amount not less than \$406,683.43.

B. Certain Matters Requiring Approval of the Secretary.

(1) Paragraph 6(c) of the Agreement is hereby amended to read as follows:

(c) Convey, assign, or transfer any right to manage or receive the rents and profits from the mortgaged property.

(2) The following is hereby added to the end of paragraph 6 of the Agreement:

(i) Permit any conveyance, assignment, or transfer of any direct or indirect legal or beneficial interest in the Owners that requires approval of the Secretary under (i) the Secretary's transfer of physical assets requirements and procedures or (ii) the Secretary's previous participation approval requirements and procedures.

(j) Enter into, or agree to the assignment of, any operating lease, master lease, sublease or commercial lease for all or part of the mortgaged property. As a condition of the Secretary's approval of any master lease, sublease or operating lease or any assignment thereof, the lessee, sublessee or assignee, as applicable, shall execute a regulatory agreement in form and substance satisfactory to the Secretary.

(k) Enter into any amendment of any operating lease, master lease, sublease or commercial lease of all or any part of the mortgaged property that (i) reduces the rent or other payments due thereunder, (ii) increases the obligations of the Owners or the rights of the lessee or sublessee, (iii) decreases the rights of the Owners or the obligations of the lessee or sublessee, or (iv) alters any provision of such lease or sublease required by the Secretary to be included therein.

(l) Use the mortgaged property for any purpose other than the Approved Use.

C. Management Contracts. Paragraph 9(a) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

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- (a) Any management contract involving the project entered into by any of the Owners or any lessee or sublessee shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate such management contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of this Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

D. Financial Statements. Paragraph 9(e) of the Agreement is hereby amended to replace "sixty (60) days" with "ninety (90) days."

E. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 9(c) of the Agreement is hereby amended to add the following at its end:

- (c) . . . The obligations of Owners under this paragraph shall be limited to the extent necessary in order for Owners to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

F. Permits and Approvals. Paragraph 9(h) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (h)(1) The Owners shall at all times maintain in full force and effect, or cause the lessee, sublessee or management agent (as applicable) to maintain in full force and effect, all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use (collectively, the "Permits and Approvals"). Without the prior written consent of the Secretary, none of the Permits or Approvals shall be conveyed, assigned, encumbered, transferred or alienated from the project. The Owners shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals.
- (2) The security agreement and UCC financing statements referred to in paragraph 9(i) below shall constitute, to the extent permitted by law, a first lien upon all of the Owners' rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this agreement, the note, or the mortgage, the Owners shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, Owners hereby irrevocably nominate and appoint the Secretary, his/her successors and assigns, as their attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the Owners, their successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.
- (3) The Owners shall not alter, or suffer or permit the alteration of, any Permit or Approval, without the prior written approval of the Secretary. In the event that any such alteration is proposed, upon learning of such proposed alteration, the Owners will advise the Secretary and mortgagee promptly. The Owners will insert the foregoing requirements into any operating lease, master lease, or sublease for the project.

- (4) The Owners shall deliver to the Secretary and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by the Owners from any governmental authority that includes any statement, finding or assertion that (i) the Owners, any lessee, **any sublessee**, any management agent or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the Owners are, or any lessee, **any sublessee**, any management agent or the project is, subject to any governmental investigation or inquiry involving fraud. The Owners shall deliver to the Secretary and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the Owners to such governmental authority and shall provide to the Secretary and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Secretary or the mortgagee may request. The receipt by the Secretary or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Secretary, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Secretary, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

G. Personal Property; Security Interests. The following is hereby added to the Agreement as paragraph 9(i):

- (i) The Owners shall suitably equip, or cause to be equipped, the project for its use and operation for the Approved Use. Except as otherwise approved in writing by the Secretary, the Owners shall grant to the mortgagee and the Secretary a first lien security interest in all personal property of the Owners as additional security for the obligations of the Owners under the note, mortgage and this agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Secretary may require and, in connection therewith, the Owners shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Secretary. Owners hereby authorize each of the mortgagee and the Secretary to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. The Owners shall not be permitted to grant any other liens on any of such personal property without the prior written approval of the mortgagee and the Secretary. If the project includes a skilled nursing home and is not subject to an operating lease, the Owners shall be permitted to pledge their accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Secretary. In the event that the mortgagee and the Secretary grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee or the Secretary, or both, on such terms and conditions as may be required by the mortgagee and the Secretary and (ii) the Owners shall comply with any requirements imposed on them by the mortgagee or the Secretary (or either of them) in connection therewith.

H. Professional Liability Insurance. The following is hereby added to the Agreement as paragraph 9(j):

- (j) The Owners shall maintain, or cause the lessee, **sublessee**, or management agent (as applicable) to maintain, professional liability insurance that complies with the applicable requirements of the Secretary. Annually, the Owners shall provide, or cause the lessee, **sublessee**, or management agent (as applicable) to provide, to the Secretary and mortgagee, a certification of compliance with the Secretary's professional liability insurance requirements as evidenced by an Accord or certified copy of the insurance policy.

I. Notices. Notices sent pursuant to Paragraph 11 of the Agreement may be sent by registered or certified mail, hand delivery or by a nationally recognized overnight delivery service.

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J. Defined Terms. The following definitions are hereby added to paragraph 13 of the Agreement:

- (l) "rent," "profits" and "income" shall include: all healthcare insurance receivables, rents, lease payments, **sublease payments** revenues, charges, fees and assistance payments arising from the operation of the project, including but not limited to workers' compensation, social security and other third-party reimbursement payments, Accounts Receivable (as defined in the Collateral Description for the Security Agreement and UCC-1 Financing Statement for the Mortgagor) and all payments and income arising from the operation of the project and/or the provision of services to residents or tenants thereof.
- (m) "Approved Use" means the use of the project as a **178-bed skilled nursing facility** and such other uses as may be approved in writing from time to time by the Secretary based upon a request made by the Owners, lessee or management agent, but excluding any uses that are discontinued with the written approval of the Secretary.

K. Secretary Consent to Master Lease. The following is hereby added to the Agreement as Paragraph 19:

- 18. The Secretary hereby consents to the HUD Facilities Master Lease, by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013.

[To be executed and notarized by the Owners in the same manner as the Regulatory Agreement]

[SIGNATURE PAGE TO LEAN RIDER TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.

PETERSEN 23, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



Exhibit A  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:  
1000 Palm Avenue  
Mattoon, Illinois 61938

**DOCUMENT CERTIFICATION**


The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**

Between Petersen 26, LLC  
and the Secretary of Housing and Urban Development

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 179866 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
 Flora, Illinois 62839

For Recorder's Office

FLORA HEALTH CENTER  
 CLAY COUNTY, ILLINOIS

**Regulatory Agreement for  
 Multifamily Housing Projects**

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

<b>Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits</b>					
Project Number			Mortgagee		
072-22124			Lancaster Pollard Mortgage Company		
Amount of Mortgage Note			Date		
\$3,824,000.00			as of April 1, 2013		
Mortgage Recorded	State	County	Date	Originally endorsed for insurance under Section	
	Illinois	Clay County	Contemporaneously	232, Pursuant to Section	
	Book	Page	herewith	223(f)	

This Agreement, together with the LEAN Rider to Regulatory Agreement for Multifamily Housing Projects attached hereto and made a part hereof (the "Rider"), entered into this as of the 1<sup>ST</sup> day of April, 2013 between PETERSEN 26, LLC, an Illinois limited liability company whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614, their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to \$3,713.00 per month, unless a different date or amount is approved in writing by the Secretary. See Rider Paragraph A.



Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

- (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in ~~Schedule~~ Exhibit A attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

- (b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such

amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

- (c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

- (i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;

- (ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

- (b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

- (1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

- (2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and

- (3) Through such further provisions agreed to in writing by the parties.

- (c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.

- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.

6. Owners shall not without the prior written approval of the Secretary:

- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
- (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.
- (c) ~~Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.~~  
See Rider Paragraph B.
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
  - (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
  - (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
  - (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
  - (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.

(h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.

**See Rider Paragraph B.**

- 7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
- 8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
- 9. (a) ~~Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.~~  
See Rider Paragraph C.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents. **See Rider Paragraph E.**
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.
- (e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in

accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary. See Rider Paragraph D.

(f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.

(h) ~~If the mortgage is insured under Section 232;~~

~~(1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.~~

~~(2) The Owners shall suitably equip the project for nursing home operations.~~

~~(3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.~~

~~(i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly.~~

See Rider Paragraphs F, G and H.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:

(a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;

(ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;

(b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any

of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

**See Rider Paragraph I.**

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing a skilled nursing home and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
  - (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;
    - (ii) All amounts required to be deposited in the reserve fund for replacements;
    - (iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and
  - (2) the segregation of:

- (i) An amount equal to the aggregate of all special funds required to be maintained by the project; and

- (ii) All tenant security deposits held.

- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.

- (h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;

- (i) "Section" refers to a Section of the National Housing Act, as amended.

- (j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.

- (k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

**See Rider Paragraph J.**

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.

17. The following Owners: **Petersen 26, LLC, its members and managers, present and future**

do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

---

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

**See Rider Paragraph K.**

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

**(To be executed with formalities for recording a deed to real estate.)**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

PETERSEN 26, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner

By: Roger A. Lewis  
Roger A. Lewis  
Authorized Agent  
Office of Residential Care Facilities

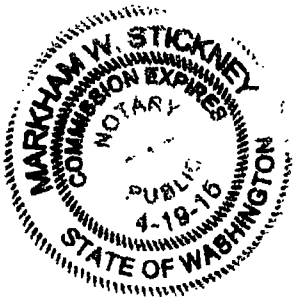
ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
  ) ss:  
COUNTY OF KING         )

I certify that I know or have satisfactory evidence that Roger A. Lewis is the person who appeared before me, on this 19<sup>th</sup> day of April, 2013 and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and the Director of the Production Division in the Office of Residential Care Facilities, U.S. Department of Housing and Urban Development, and that he, being authorized to do so by virtue of such office, executed the foregoing instrument on behalf of the Federal Housing Commissioner, acting for the Secretary of the U.S. Department of Housing and Urban Development, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal.

[SEAL]



Markham W. Stickney  
Notary Public  
(Print Name) Markham W. Stickney  
Residing at King County  
Notary Public  
Title (and rank)

My commission expires: 04/19/15

LEAN Rider  
to Regulatory Agreement for  
Multifamily Housing Projects

This Rider is attached to and made a part of that certain Regulatory Agreement for Multifamily Housing Projects dated as of April 1, 2013 (the "Agreement") by and between PETERSEN 26, LLC ("Owners") and the Secretary of Housing and Urban Development (the "Secretary") with respect to Flora Health Center, FHA Project No. 072-22124. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended and supplemented as follows:

A. Reserve Fund for Replacements. The following is hereby added to the end of the first subparagraph of paragraph 2(a) of the Agreement:

The amount of the monthly deposits to the reserve fund for replacements shall be subject to change in accordance with the requirements of the Secretary, but such change can be accomplished by a letter from HUD to the Owner and will not necessitate an amendment to the Agreement. In connection therewith, every ten (10) years, the mortgagee shall obtain a physical and capital needs assessment report for the Secretary to evaluate. The cost of such report may be paid from the reserve fund for replacements.

In addition to the required monthly deposits to the said reserve fund, Owners shall make an initial deposit in an amount not less than \$163,056.16.

B. Certain Matters Requiring Approval of the Secretary.

(1) Paragraph 6(c) of the Agreement is hereby amended to read as follows:

(c) Convey, assign, or transfer any right to manage or receive the rents and profits from the mortgaged property.

(2) The following is hereby added to the end of paragraph 6 of the Agreement:

(i) Permit any conveyance, assignment, or transfer of any direct or indirect legal or beneficial interest in the Owners that requires approval of the Secretary under (i) the Secretary's transfer of physical assets requirements and procedures or (ii) the Secretary's previous participation approval requirements and procedures.

(j) Enter into, or agree to the assignment of, any operating lease, master lease, sublease or commercial lease for all or part of the mortgaged property. As a condition of the Secretary's approval of any master lease, sublease or operating lease or any assignment thereof, the lessee, sublessee or assignee, as applicable, shall execute a regulatory agreement in form and substance satisfactory to the Secretary.

(k) Enter into any amendment of any operating lease, master lease, sublease or commercial lease of all or any part of the mortgaged property that (i) reduces the rent or other payments due thereunder, (ii) increases the obligations of the Owners or the rights of the lessee or sublessee, (iii) decreases the rights of the Owners or the obligations of the lessee or sublessee, or (iv) alters any provision of such lease or sublease required by the Secretary to be included therein.

(l) Use the mortgaged property for any purpose other than the Approved Use.

C. Management Contracts. Paragraph 9(a) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:



- 
- (a) Any management contract involving the project entered into by any of the Owners or any lessee or sublessee shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate such management contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of this Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

D. Financial Statements. Paragraph 9(e) of the Agreement is hereby amended to replace "sixty (60) days" with "ninety (90) days."

E. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 9(c) of the Agreement is hereby amended to add the following at its end:

- (c) . . . The obligations of Owners under this paragraph shall be limited to the extent necessary in order for Owners to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

F. Permits and Approvals. Paragraph 9(h) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (h)(1) The Owners shall at all times maintain in full force and effect, or cause the lessee, sublessee or management agent (as applicable) to maintain in full force and effect, all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use (collectively, the "Permits and Approvals"). Without the prior written consent of the Secretary, none of the Permits or Approvals shall be conveyed, assigned, encumbered, transferred or alienated from the project. The Owners shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals.
- (2) The security agreement and UCC financing statements referred to in paragraph 9(i) below shall constitute, to the extent permitted by law, a first lien upon all of the Owners' rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this agreement, the note, or the mortgage, the Owners shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, Owners hereby irrevocably nominate and appoint the Secretary, his/her successors and assigns, as their attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the Owners, their successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.
- (3) The Owners shall not alter, or suffer or permit the alteration of, any Permit or Approval, without the prior written approval of the Secretary. In the event that any such alteration is proposed, upon learning of such proposed alteration, the Owners will advise the Secretary and mortgagee promptly. The Owners will insert the foregoing requirements into any operating lease, master lease, or sublease for the project.

- 
- (4) The Owners shall deliver to the Secretary and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by the Owners from any governmental authority that includes any statement, finding or assertion that (i) the Owners, any lessee, **any sublessee**, any management agent or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the Owners are, or any lessee, **any sublessee**, any management agent or the project is, subject to any governmental investigation or inquiry involving fraud. The Owners shall deliver to the Secretary and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the Owners to such governmental authority and shall provide to the Secretary and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Secretary or the mortgagee may request. The receipt by the Secretary or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Secretary, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Secretary, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

G. Personal Property; Security Interests. The following is hereby added to the Agreement as paragraph 9(i):

- (i) The Owners shall suitably equip, or cause to be equipped, the project for its use and operation for the Approved Use. Except as otherwise approved in writing by the Secretary, the Owners shall grant to the mortgagee and the Secretary a first lien security interest in all personal property of the Owners as additional security for the obligations of the Owners under the note, mortgage and this agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Secretary may require and, in connection therewith, the Owners shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Secretary. Owners hereby authorize each of the mortgagee and the Secretary to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. The Owners shall not be permitted to grant any other liens on any of such personal property without the prior written approval of the mortgagee and the Secretary. If the project includes a skilled nursing home and is not subject to an operating lease, the Owners shall be permitted to pledge their accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Secretary. In the event that the mortgagee and the Secretary grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee or the Secretary, or both, on such terms and conditions as may be required by the mortgagee and the Secretary and (ii) the Owners shall comply with any requirements imposed on them by the mortgagee or the Secretary (or either of them) in connection therewith.

H. Professional Liability Insurance. The following is hereby added to the Agreement as paragraph 9(j):

- (j) The Owners shall maintain, or cause the lessee, **sublessee**, or management agent (as applicable) to maintain, professional liability insurance that complies with the applicable requirements of the Secretary. Annually, the Owners shall provide, or cause the lessee, **sublessee**, or management agent (as applicable) to provide, to the Secretary and mortgagee, a certification of compliance with the Secretary's professional liability insurance requirements as evidenced by an Accord or certified copy of the insurance policy.

I. Notices. Notices sent pursuant to Paragraph 11 of the Agreement may be sent by registered or certified mail, hand delivery or by a nationally recognized overnight delivery service.

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J. **Defined Terms.** The following definitions are hereby added to paragraph 13 of the Agreement:

- (l) "rent," "profits" and "income" shall include: all healthcare insurance receivables, rents, lease payments, sublease payments revenues, charges, fees and assistance payments arising from the operation of the project, including but not limited to workers' compensation, social security and other third-party reimbursement payments, Accounts Receivable (as defined in the Collateral Description for the Security Agreement and UCC-1 Financing Statement for the Mortgagor) and all payments and income arising from the operation of the project and/or the provision of services to residents or tenants thereof.
- (m) "Approved Use" means the use of the project as a **99 bed skilled nursing and/or assisted living facility** and such other uses as may be approved in writing from time to time by the Secretary based upon a request made by the Owners, lessee or management agent, but excluding any uses that are discontinued with the written approval of the Secretary.

K. **Secretary Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:

- 18. The Secretary hereby consents to the HUD Facilities Master Lease, by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013.

[To be executed and notarized by the Owners in the same manner as the Regulatory Agreement]

[SIGNATURE PAGE TO LEAN RIDER TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.

PETERSEN 26, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

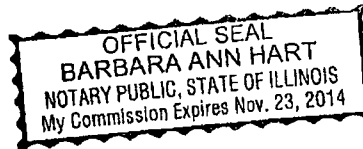
STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**DOCUMENT CERTIFICATION**

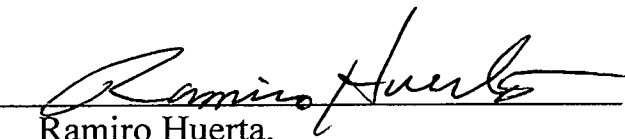
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**

Between Petersen 27, LLC  
and the Secretary of Housing and Urban Development

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. \_2013-99906 At 9:35 a.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 04-19-401-037  
 04-19-401-039

Common Street Address:

700 East Main Street  
 Toulon, Illinois 61483

For Recorder's Office

TOULON REHAB & HEALTH CENTER  
 STARK COUNTY, ILLINOIS

**Regulatory Agreement for  
 Multifamily Housing Projects**

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

<b>Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits</b>				
Project Number		Mortgagee		
071-22262		Lancaster Pollard Mortgage Company		
Amount of Mortgage Note		Date		
\$5,272,000.00		as of April 1, 2013		
Mortgage Recorded	State	County	Date	Originally endorsed for insurance under Section
	Illinois	Stark County	Page	232, Pursuant to Section
	Book		Contemporaneously herewith	223(f)

This Agreement, together with the LEAN Rider to Regulatory Agreement for Multifamily Housing Projects attached hereto and made a part hereof (the "Rider"), entered into this as of the 1<sup>st</sup> day of April, 2013 between PETERSEN 27, LLC, an Illinois limited liability company whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614 their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to \$6,333.00 per month, unless a different date or amount is approved in writing by the Secretary. See Rider Paragraph A.

Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

- (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in ~~Schedule~~ Exhibit A attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.
- (b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed

upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

- (c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

- (i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;
- (ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

- (b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

- (1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;
- (2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and
- (3) Through such further provisions agreed to in writing by the parties.

- (c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.

- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.

6. Owners shall not without the prior written approval of the Secretary:



- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
- (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.
- (c) ~~Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.~~  
See Rider Paragraph B.
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
- (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
  - (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
  - (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
  - (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.
- (h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.
- See Rider Paragraph B.**
7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
9. (a) ~~Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.~~  
See Rider Paragraph C.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents. See Rider Paragraph E.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.
- (e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared

and certified by a Certified Public Accountant, or other person acceptable to the Secretary. See Rider Paragraph D.

(f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.

(h) ~~If the mortgage is insured under Section 232:~~

~~(1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.~~

~~(2) The Owners shall suitably equip the project for nursing home operations.~~

~~(3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.~~

~~(i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly.~~

See Rider Paragraphs F, G and H.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national

origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:

(a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;

(ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;

(b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

**See Rider Paragraph I.**

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing a skilled nursing home and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
  - (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;

(ii) All amounts required to be deposited in the reserve fund for replacements;

(iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and

- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.
- (h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;
- (i) "Section" refers to a Section of the National Housing Act, as amended.
- (j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.
- (k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

**See Rider Paragraph J.**

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.

17. The following Owners: **Petersen 27, LLC, its members and managers, present and future**

do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this

---

Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.


**See Rider Paragraph K.**

**(To be executed with formalities for recording a deed to real estate.)**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR  
MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.


**PETERSEN 27, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

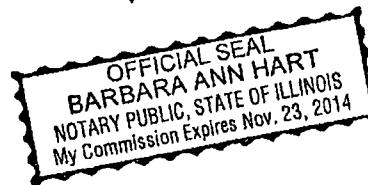
STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.



[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner

By: [Signature]  
Roger A. Lewis  
Authorized Agent  
Office of Residential Care Facilities

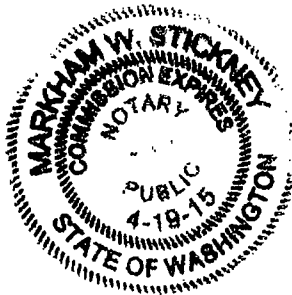
ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Roger A. Lewis is the person who appeared before me, on this 17 day of April, 2013 and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and the Director of the Production Division in the Office of Residential Care Facilities, U.S. Department of Housing and Urban Development, and that he, being authorized to do so by virtue of such office, executed the foregoing instrument on behalf of the Federal Housing Commissioner, acting for the Secretary of the U.S. Department of Housing and Urban Development, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal.

[SEAL]



[Signature]  
Notary Public  
(Print Name) Markham W. Stickney  
Residing at King County  
Notary Public  
Title (and rank)

My commission expires: 04/19/15

LEAN Rider  
to Regulatory Agreement for  
Multifamily Housing Projects

This Rider is attached to and made a part of that certain Regulatory Agreement for Multifamily Housing Projects dated as of April 1, 2013 (the "Agreement") by and between PETERSEN 27, LLC ("Owners") and the Secretary of Housing and Urban Development (the "Secretary") with respect to Toulon Rehab & Health Center, FHA Project No. 071-22262. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended and supplemented as follows:

A. Reserve Fund for Replacements. The following is hereby added to the end of the first subparagraph of paragraph 2(a) of the Agreement:

The amount of the monthly deposits to the reserve fund for replacements shall be subject to change in accordance with the requirements of the Secretary, but such change can be accomplished by a letter from HUD to the Owner and will not necessitate an amendment to the Agreement. In connection therewith, every ten (10) years, the mortgagee shall obtain a physical and capital needs assessment report for the Secretary to evaluate. The cost of such report may be paid from the reserve fund for replacements.

In addition to the required monthly deposits to the said reserve fund, Owners shall make an initial deposit in an amount not less than \$257,808.18.

B. Certain Matters Requiring Approval of the Secretary.

(1) Paragraph 6(c) of the Agreement is hereby amended to read as follows:

(c) Convey, assign, or transfer any right to manage or receive the rents and profits from the mortgaged property.

(2) The following is hereby added to the end of paragraph 6 of the Agreement:

(i) Permit any conveyance, assignment, or transfer of any direct or indirect legal or beneficial interest in the Owners that requires approval of the Secretary under (i) the Secretary's transfer of physical assets requirements and procedures or (ii) the Secretary's previous participation approval requirements and procedures.

(j) Enter into, or agree to the assignment of, any operating lease, master lease, sublease or commercial lease for all or part of the mortgaged property. As a condition of the Secretary's approval of any master lease, sublease or operating lease or any assignment thereof, the lessee, sublessee or assignee, as applicable, shall execute a regulatory agreement in form and substance satisfactory to the Secretary.

(k) Enter into any amendment of any operating lease, master lease, sublease or commercial lease of all or any part of the mortgaged property that (i) reduces the rent or other payments due thereunder, (ii) increases the obligations of the Owners or the rights of the lessee or sublessee, (iii) decreases the rights of the Owners or the obligations of the lessee or sublessee, or (iv) alters any provision of such lease or sublease required by the Secretary to be included therein.

(l) Use the mortgaged property for any purpose other than the Approved Use.

C. Management Contracts. Paragraph 9(a) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- 
- (a) Any management contract involving the project entered into by any of the Owners or any lessee or sublessee shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate such management contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of this Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

D. Financial Statements. Paragraph 9(e) of the Agreement is hereby amended to replace "sixty (60) days" with "ninety (90) days."

E. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 9(c) of the Agreement is hereby amended to add the following at its end:

- (c) . . . The obligations of Owners under this paragraph shall be limited to the extent necessary in order for Owners to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

F. Permits and Approvals. Paragraph 9(h) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (h)(1) The Owners shall at all times maintain in full force and effect, or cause the lessee, sublessee or management agent (as applicable) to maintain in full force and effect, all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use (collectively, the "Permits and Approvals"). Without the prior written consent of the Secretary, none of the Permits or Approvals shall be conveyed, assigned, encumbered, transferred or alienated from the project. The Owners shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals.
- (2) The security agreement and UCC financing statements referred to in paragraph 9(i) below shall constitute, to the extent permitted by law, a first lien upon all of the Owners' rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this agreement, the note, or the mortgage, the Owners shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, Owners hereby irrevocably nominate and appoint the Secretary, his/her successors and assigns, as their attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the Owners, their successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.
- (3) The Owners shall not alter, or suffer or permit the alteration of, any Permit or Approval, without the prior written approval of the Secretary. In the event that any such alteration is proposed, upon learning of such proposed alteration, the Owners will advise the Secretary and mortgagee promptly. The Owners will insert the foregoing requirements into any operating lease, master lease, or sublease for the project.



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- (4) The Owners shall deliver to the Secretary and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by the Owners from any governmental authority that includes any statement, finding or assertion that (i) the Owners, any lessee, **any sublessee**, any management agent or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the Owners are, or any lessee, **any sublessee**, any management agent or the project is, subject to any governmental investigation or inquiry involving fraud. The Owners shall deliver to the Secretary and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the Owners to such governmental authority and shall provide to the Secretary and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Secretary or the mortgagee may request. The receipt by the Secretary or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Secretary, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Secretary, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

G. Personal Property; Security Interests. The following is hereby added to the Agreement as paragraph 9(i):

- (i) The Owners shall suitably equip, or cause to be equipped, the project for its use and operation for the Approved Use. Except as otherwise approved in writing by the Secretary, the Owners shall grant to the mortgagee and the Secretary a first lien security interest in all personal property of the Owners as additional security for the obligations of the Owners under the note, mortgage and this agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Secretary may require and, in connection therewith, the Owners shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Secretary. Owners hereby authorize each of the mortgagee and the Secretary to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. The Owners shall not be permitted to grant any other liens on any of such personal property without the prior written approval of the mortgagee and the Secretary. If the project includes a skilled nursing home and is not subject to an operating lease, the Owners shall be permitted to pledge their accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Secretary. In the event that the mortgagee and the Secretary grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee or the Secretary, or both, on such terms and conditions as may be required by the mortgagee and the Secretary and (ii) the Owners shall comply with any requirements imposed on them by the mortgagee or the Secretary (or either of them) in connection therewith.

H. Professional Liability Insurance. The following is hereby added to the Agreement as paragraph 9(j):

- (j) The Owners shall maintain, or cause the lessee, **sublessee**, or management agent (as applicable) to maintain, professional liability insurance that complies with the applicable requirements of the Secretary. Annually, the Owners shall provide, or cause the lessee, **sublessee**, or management agent (as applicable) to provide, to the Secretary and mortgagee, a certification of compliance with the Secretary's professional liability insurance requirements as evidenced by an Accord or certified copy of the insurance policy.

I. Notices. Notices sent pursuant to Paragraph 11 of the Agreement may be sent by registered or certified mail, hand delivery or by a nationally recognized overnight delivery service.

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J. **Defined Terms.** The following definitions are hereby added to paragraph 13 of the Agreement:

- (l) "rent," "profits" and "income" shall include: all healthcare insurance receivables, rents, lease payments, **sublease payments** revenues, charges, fees and assistance payments arising from the operation of the project, including but not limited to workers' compensation, social security and other third-party reimbursement payments, Accounts Receivable (as defined in the Collateral Description for the Security Agreement and UCC-1 Financing Statement for the Mortgagor) and all payments and income arising from the operation of the project and/or the provision of services to residents or tenants thereof.
- (m) "Approved Use" means the use of the project as a **\_136-bed skilled nursing and/or assisted living facility** and such other uses as may be approved in writing from time to time by the Secretary based upon a request made by the Owners, lessee or management agent, but excluding any uses that are discontinued with the written approval of the Secretary.

K. **Secretary Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:


- 18. The Secretary hereby consents to the HUD Facilities Master Lease, by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013.

[To be executed and notarized by the Owners in the same manner as the Regulatory Agreement]

[SIGNATURE PAGE TO LEAN RIDER TO REGULATORY AGREEMENT FOR  
MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.


PETERSEN 27, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**DOCUMENT CERTIFICATION**

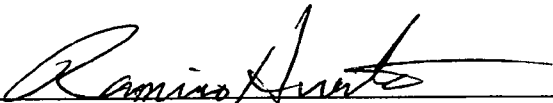
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**

Between Petersen 29, LLC  
and the Secretary of Housing and Urban Development

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05024 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
Office of Counsel  
U.S. Dept. of Housing & Urban Dev.  
77 West Jackson Boulevard  
Chicago IL 60604

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

For Recorder's Office

MT. VERNON HEALTH CENTER  
JEFFERSON COUNTY, ILLINOIS

**Regulatory Agreement for  
Multifamily Housing Projects**

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

**Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits**

Project Number <b>072-22123</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$2,146,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded	State	County	Date
<b>Illinois</b>		<b>Jefferson County</b>	<b>Contemporaneously</b>
<b>Book</b>		<b>Page</b>	<b>herewith</b>
		Originally endorsed for insurance under Section <b>232, Pursuant to Section 223(f)</b>	

This Agreement, together with the LEAN Rider to Regulatory Agreement for Multifamily Housing Projects attached hereto and made a part hereof (the "Rider"), entered into this as of the 1st day of April, 2013 between PETERSEN 29, LLC, an Illinois limited liability company whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614, their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to **\$8,083.00** per month, unless a different date or amount is approved in writing by the Secretary. See Rider Paragraph A.



Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in ~~Schedule~~ Exhibit A attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

(b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed

upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

(c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;

(ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

(b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

(1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

(2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and

(3) Through such further provisions agreed to in writing by the parties.

(c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.

(d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.

6. Owners shall not without the prior written approval of the Secretary:

(a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.

(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.

(c) ~~Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property~~  
See Rider Paragraph B.

(d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.

(e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:

(1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;

(2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;

(3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and

(4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.

(f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.

(g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.

(h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit

commercial use greater than that originally approved by the Secretary.

**See Rider Paragraph B.**

7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.

8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.

9. (a) ~~Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project~~  
See Rider Paragraph C.

(b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.

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

(d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.

(e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared

and certified by a Certified Public Accountant, or other person acceptable to the Secretary. See Rider Paragraph D.

- (f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.
- (h) ~~If the mortgage is insured under Section 232:~~
- ~~(1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.~~
- ~~(2) The Owners shall suitably equip the project for nursing home operations.~~
- ~~(3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.~~
- (i) ~~If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly.~~

See Rider Paragraphs F, G and H.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national

origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:
- (a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
- (ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;
- (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.
- (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

**See Rider Paragraph I.**

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature and wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing a skilled nursing home and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
  - (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;

(ii) All amounts required to be deposited in the reserve fund for replacements;

(iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and

(2) the segregation of:

(i) An amount equal to the aggregate of all special funds required to be maintained by the project; and

(ii) All tenant security deposits held.

(g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.

(h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;

(i) "Section" refers to a Section of the National Housing Act, as amended.

(j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.

(k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

**See Rider Paragraph J.**

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.

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17. The following Owners: **Petersen 29, LLC, its members and managers, present and future** do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

**See Rider Paragraph K.**

**(To be executed with formalities for recording a deed to real estate.)**





LEAN Rider  
to Regulatory Agreement for  
Multifamily Housing Projects

This Rider is attached to and made a part of that certain Regulatory Agreement for Multifamily Housing Projects dated as of **April 1, 2013** (the "Agreement") by and between **PETERSEN 29, LLC** ("Owners") and the Secretary of Housing and Urban Development (the "Secretary") with respect to **Mt. Vernon Health Center**, FHA Project No. **072-22123**. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended and supplemented as follows:

A. Reserve Fund for Replacements. The following is hereby added to the end of the first subparagraph of paragraph 2(a) of the Agreement:

The amount of the monthly deposits to the reserve fund for replacements shall be subject to change in accordance with the requirements of the Secretary, but such change can be accomplished by a letter from HUD to the Owner and will not necessitate an amendment to the Agreement. In connection therewith, every ten (10) years, the mortgagee shall obtain a physical and capital needs assessment report for the Secretary to evaluate. The cost of such report may be paid from the reserve fund for replacements.

In addition to the required monthly deposits to the said reserve fund, Owners shall make an initial deposit in an amount not less than **\$280,087.66**.

B. Certain Matters Requiring Approval of the Secretary.

(1) Paragraph 6(c) of the Agreement is hereby amended to read as follows:

(c) Convey, assign, or transfer any right to manage or receive the rents and profits from the mortgaged property.

(2) The following is hereby added to the end of paragraph 6 of the Agreement:

(i) Permit any conveyance, assignment, or transfer of any direct or indirect legal or beneficial interest in the Owners that requires approval of the Secretary under (i) the Secretary's transfer of physical assets requirements and procedures or (ii) the Secretary's previous participation approval requirements and procedures.

(j) Enter into, or agree to the assignment of, any operating lease, master lease, sublease or commercial lease for all or part of the mortgaged property. As a condition of the Secretary's approval of any master lease, sublease or operating lease or any assignment thereof, the lessee, sublessee or assignee, as applicable, shall execute a regulatory agreement in form and substance satisfactory to the Secretary.

(k) Enter into any amendment of any operating lease, master lease, sublease or commercial lease of all or any part of the mortgaged property that (i) reduces the rent or other payments due thereunder, (ii) increases the obligations of the Owners or the rights of the lessee or sublessee, (iii) decreases the rights of the Owners or the obligations of the lessee or sublessee, or (iv) alters any provision of such lease or sublease required by the Secretary to be included therein.

(l) Use the mortgaged property for any purpose other than the Approved Use.

C. Management Contracts. Paragraph 9(a) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:



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- (a) Any management contract involving the project entered into by any of the Owners or any lessee or sublessee shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate such management contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of this Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

D. Financial Statements. Paragraph 9(e) of the Agreement is hereby amended to replace "sixty (60) days" with "ninety (90) days."

E. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 9(c) of the Agreement is hereby amended to add the following at its end:

- (c) . . . The obligations of Owners under this paragraph shall be limited to the extent necessary in order for Owners to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

F. Permits and Approvals. Paragraph 9(h) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (h)(1) The Owners shall at all times maintain in full force and effect, or cause the lessee, sublessee or management agent (as applicable) to maintain in full force and effect, all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use (collectively, the "Permits and Approvals"). Without the prior written consent of the Secretary, none of the Permits or Approvals shall be conveyed, assigned, encumbered, transferred or alienated from the project. The Owners shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals.
- (2) The security agreement and UCC financing statements referred to in paragraph 9(i) below shall constitute, to the extent permitted by law, a first lien upon all of the Owners' rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this agreement, the note, or the mortgage, the Owners shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, Owners hereby irrevocably nominate and appoint the Secretary, his/her successors and assigns, as their attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the Owners, their successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.
- (3) The Owners shall not alter, or suffer or permit the alteration of, any Permit or Approval, without the prior written approval of the Secretary. In the event that any such alteration is proposed, upon learning of such proposed alteration, the Owners will advise the Secretary and mortgagee promptly. The Owners will insert the foregoing requirements into any operating lease, master lease, or sublease for the project.

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- (4) The Owners shall deliver to the Secretary and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by the Owners from any governmental authority that includes any statement, finding or assertion that (i) the Owners, any lessee, any sublessee, any management agent or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the Owners are, or any lessee, any sublessee, any management agent or the project is, subject to any governmental investigation or inquiry involving fraud. The Owners shall deliver to the Secretary and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the Owners to such governmental authority and shall provide to the Secretary and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Secretary or the mortgagee may request. The receipt by the Secretary or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Secretary, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Secretary, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

G. Personal Property; Security Interests. The following is hereby added to the Agreement as paragraph 9(i):

- (i) The Owners shall suitably equip, or cause to be equipped, the project for its use and operation for the Approved Use. Except as otherwise approved in writing by the Secretary, the Owners shall grant to the mortgagee and the Secretary a first lien security interest in all personal property of the Owners as additional security for the obligations of the Owners under the note, mortgage and this agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Secretary may require and, in connection therewith, the Owners shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Secretary. Owners hereby authorize each of the mortgagee and the Secretary to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. The Owners shall not be permitted to grant any other liens on any of such personal property without the prior written approval of the mortgagee and the Secretary. If the project includes a skilled nursing home and is not subject to an operating lease, the Owners shall be permitted to pledge their accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Secretary. In the event that the mortgagee and the Secretary grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee or the Secretary, or both, on such terms and conditions as may be required by the mortgagee and the Secretary and (ii) the Owners shall comply with any requirements imposed on them by the mortgagee or the Secretary (or either of them) in connection therewith.

H. Professional Liability Insurance. The following is hereby added to the Agreement as paragraph 9(j):

- (j) The Owners shall maintain, or cause the lessee, sublessee, or management agent (as applicable) to maintain, professional liability insurance that complies with the applicable requirements of the Secretary. Annually, the Owners shall provide, or cause the lessee, sublessee, or management agent (as applicable) to provide, to the Secretary and mortgagee, a certification of compliance with the Secretary's professional liability insurance requirements as evidenced by an Accord or certified copy of the insurance policy.

I. Notices. Notices sent pursuant to Paragraph 11 of the Agreement may be sent by registered or certified mail, hand delivery or by a nationally recognized overnight delivery service.

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J. **Defined Terms.** The following definitions are hereby added to paragraph 13 of the Agreement:

- (l) "rent," "profits" and "income" shall include: all healthcare insurance receivables, rents, lease payments, **sublease payments** revenues, charges, fees and assistance payments arising from the operation of the project, including but not limited to workers' compensation, social security and other third-party reimbursement payments, Accounts Receivable (as defined in the Collateral Description for the Security Agreement and UCC-1 Financing Statement for the Mortgagor) and all payments and income arising from the operation of the project and/or the provision of services to residents or tenants thereof.
- (m) "Approved Use" means the use of the project as a **106-bed skilled nursing facility** and such other uses as may be approved in writing from time to time by the Secretary based upon a request made by the Owners, lessee or management agent, but excluding any uses that are discontinued with the written approval of the Secretary.

K. **Secretary Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:


- 18. The Secretary hereby consents to the HUD Facilities Master Lease, by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013.

**[To be executed and notarized by the Owners in the same manner as the Regulatory Agreement]**

[SIGNATURE PAGE TO LEAN RIDER TO REGULATORY AGREEMENT FOR  
MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.


PETERSEN 29, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

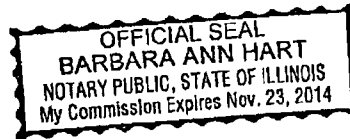
STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**DOCUMENT CERTIFICATION**

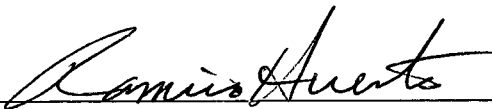
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**

Between Petersen 30, LLC  
and the Secretary of Housing and Urban Development

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05013 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-30-401-007

**07-30-401-013**

Common Street Address:

1700 White Street  
 Mt. Vernon, Illinois 62684

For Recorder's Office

WHITE OAK REHAB & HEALTH CENTER  
 JEFFERSON COUNTY, ILLINOIS

**Regulatory Agreement for  
 Multifamily Housing Projects**

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

**Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits**

Project Number		Mortgagee		
072-22125		Lancaster Pollard Mortgage Company		
Amount of Mortgage Note		Date		
\$2,497,000.00		as of April 1, 2013		
Mortgage Recorded	State	County	Date	Originally endorsed for insurance under Section
	Illinois	Jefferson County	Contemporaneously	232, Pursuant to Section
	Book	Page	herewith	223(f)

This Agreement, together with the LEAN Rider to Regulatory Agreement for Multifamily Housing Projects attached hereto and made a part hereof (the "Rider"), entered into this as of the 1<sup>st</sup> day of April, 2013 between PETERSEN 30, LLC, an Illinois limited liability company whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614, their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the

Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to

**\$3,042.00** per month, unless a different date or amount is approved in writing by the Secretary. See **Rider Paragraph A**.

Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in **Schedule Exhibit A** attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

(b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

(c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;

(ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

(b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

(1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

(2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and

(3) Through such further provisions agreed to in writing by the parties.

(c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.



- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.
6. Owners shall not without the prior written approval of the Secretary:
- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
- (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.
- (c) ~~Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.~~  
See Rider Paragraph B.
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
- (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
- (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
- (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
- (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of

which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.

- (h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.

**See Rider Paragraph B.**

7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
9. (a) ~~Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.~~  
See Rider Paragraph C.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents. See Rider Paragraph E.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.

(e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary. See Rider Paragraph D.

(f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.

(h) ~~If the mortgage is insured under Section 232:~~  
 (1) ~~The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.~~  
 (2) ~~The Owners shall suitably equip the project for nursing home operations.~~  
 (3) ~~The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.~~  
 (i) ~~If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such~~

~~license as may be required to operate the project as housing for the elderly.~~

See Rider Paragraphs F, G and H.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:

- (a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
- (ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;
- (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.
- (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.
- (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the

project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

**See Rider Paragraph I.**

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing a skilled nursing home and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
  - (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;
    - (ii) All amounts required to be deposited in the reserve fund for replacements;
    - (iii) All obligations of the project other than the insured mortgage unless funds for payment are

set aside or deferment of payment has been approved by the Secretary; and

(2) the segregation of:

- (i) An amount equal to the aggregate of all special funds required to be maintained by the project; and
- (ii) All tenant security deposits held.

- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.
- (h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;
- (i) "Section" refers to a Section of the National Housing Act, as amended.
- (j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.
- (k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

**See Rider Paragraph J.**

- 14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.
- 15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.
- 16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.
- 17. The following Owners: **Petersen 30, LLC, its members and managers, present and future**  
  
do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control,

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provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

**See Rider Paragraphs K & L.**

**(To be executed with formalities for recording a deed to real estate.)**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

PETERSEN 30, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner

By: Roger A. Lewis  
Roger A. Lewis  
Authorized Agent  
Office of Residential Care Facilities

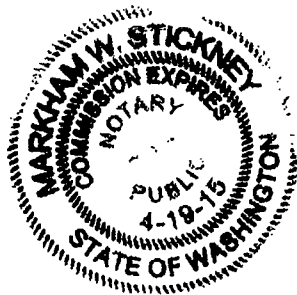
ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Roger A. Lewis is the person who appeared before me, on this 10 day of April, 2013 and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and the Director of the Production Division in the Office of Residential Care Facilities, U.S. Department of Housing and Urban Development, and that he, being authorized to do so by virtue of such office, executed the foregoing instrument on behalf of the Federal Housing Commissioner, acting for the Secretary of the U.S. Department of Housing and Urban Development, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal.

[SEAL]



Markham W. Stickney  
Notary Public  
(Print Name) Markham W. Stickney  
Residing at King County  
Notary Public  
Title (and rank)

My commission expires: 04/18/15

LEAN Rider  
to Regulatory Agreement for  
Multifamily Housing Projects

This Rider is attached to and made a part of that certain Regulatory Agreement for Multifamily Housing Projects dated as of April 1, 2013 (the "Agreement") by and between PETERSEN 30, LLC ("Owners") and the Secretary of Housing and Urban Development (the "Secretary") with respect to White Oak Rehab & Health Center, FHA Project No. 072-22125. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended and supplemented as follows:

A. Reserve Fund for Replacements. The following is hereby added to the end of the first subparagraph of paragraph 2(a) of the Agreement:

The amount of the monthly deposits to the reserve fund for replacements shall be subject to change in accordance with the requirements of the Secretary, but such change can be accomplished by a letter from HUD to the Owner and will not necessitate an amendment to the Agreement. In connection therewith, every ten (10) years, the mortgagee shall obtain a physical and capital needs assessment report for the Secretary to evaluate. The cost of such report may be paid from the reserve fund for replacements.

In addition to the required monthly deposits to the said reserve fund, Owners shall make an initial deposit in an amount not less than \$228,975.91.

B. Certain Matters Requiring Approval of the Secretary.

(1) Paragraph 6(c) of the Agreement is hereby amended to read as follows:

(c) Convey, assign, or transfer any right to manage or receive the rents and profits from the mortgaged property.

(2) The following is hereby added to the end of paragraph 6 of the Agreement:

(i) Permit any conveyance, assignment, or transfer of any direct or indirect legal or beneficial interest in the Owners that requires approval of the Secretary under (i) the Secretary's transfer of physical assets requirements and procedures or (ii) the Secretary's previous participation approval requirements and procedures.

(j) Enter into, or agree to the assignment of, any operating lease, master lease, sublease or commercial lease for all or part of the mortgaged property. As a condition of the Secretary's approval of any master lease, sublease or operating lease or any assignment thereof, the lessee, sublessee or assignee, as applicable, shall execute a regulatory agreement in form and substance satisfactory to the Secretary.

(k) Enter into any amendment of any operating lease, master lease, sublease or commercial lease of all or any part of the mortgaged property that (i) reduces the rent or other payments due thereunder, (ii) increases the obligations of the Owners or the rights of the lessee or sublessee, (iii) decreases the rights of the Owners or the obligations of the lessee or sublessee, or (iv) alters any provision of such lease or sublease required by the Secretary to be included therein.

(l) Use the mortgaged property for any purpose other than the Approved Use.

C. Management Contracts. Paragraph 9(a) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- 
- (a) Any management contract involving the project entered into by any of the Owners or any lessee or sublessee shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate such management contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of this Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

D. Financial Statements. Paragraph 9(e) of the Agreement is hereby amended to replace "sixty (60) days" with "ninety (90) days."

E. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 9(c) of the Agreement is hereby amended to add the following at its end:

- (c) . . . The obligations of Owners under this paragraph shall be limited to the extent necessary in order for Owners to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

F. Permits and Approvals. Paragraph 9(h) of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (h)(1) The Owners shall at all times maintain in full force and effect, or cause the lessee, sublessee or management agent (as applicable) to maintain in full force and effect, all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use (collectively, the "Permits and Approvals"). Without the prior written consent of the Secretary, none of the Permits or Approvals shall be conveyed, assigned, encumbered, transferred or alienated from the project. The Owners shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals.
- (2) The security agreement and UCC financing statements referred to in paragraph 9(i) below shall constitute, to the extent permitted by law, a first lien upon all of the Owners' rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this agreement, the note, or the mortgage, the Owners shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, Owners hereby irrevocably nominate and appoint the Secretary, his/her successors and assigns, as their attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the Owners, their successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.
- (3) The Owners shall not alter, or suffer or permit the alteration of, any Permit or Approval, without the prior written approval of the Secretary. In the event that any such alteration is proposed, upon learning of such proposed alteration, the Owners will advise the Secretary and mortgagee promptly. The Owners will insert the foregoing requirements into any operating lease, master lease, or sublease for the project.



- 
- (4) The Owners shall deliver to the Secretary and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by the Owners from any governmental authority that includes any statement, finding or assertion that (i) the Owners, any lessee, **any sublessee**, any management agent or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the Owners are, or any lessee, **any sublessee**, any management agent or the project is, subject to any governmental investigation or inquiry involving fraud. The Owners shall deliver to the Secretary and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the Owners to such governmental authority and shall provide to the Secretary and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Secretary or the mortgagee may request. The receipt by the Secretary or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Secretary, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Secretary, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

G. Personal Property; Security Interests. The following is hereby added to the Agreement as paragraph 9(i):

- (i) The Owners shall suitably equip, or cause to be equipped, the project for its use and operation for the Approved Use. Except as otherwise approved in writing by the Secretary, the Owners shall grant to the mortgagee and the Secretary a first lien security interest in all personal property of the Owners as additional security for the obligations of the Owners under the note, mortgage and this agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Secretary may require and, in connection therewith, the Owners shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Secretary. Owners hereby authorize each of the mortgagee and the Secretary to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. The Owners shall not be permitted to grant any other liens on any of such personal property without the prior written approval of the mortgagee and the Secretary. If the project includes a skilled nursing home and is not subject to an operating lease, the Owners shall be permitted to pledge their accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Secretary. In the event that the mortgagee and the Secretary grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee or the Secretary, or both, on such terms and conditions as may be required by the mortgagee and the Secretary and (ii) the Owners shall comply with any requirements imposed on them by the mortgagee or the Secretary (or either of them) in connection therewith.

H. Professional Liability Insurance. The following is hereby added to the Agreement as paragraph 9(j):

- (j) The Owners shall maintain, or cause the lessee, **sublessee**, or management agent (as applicable) to maintain, professional liability insurance that complies with the applicable requirements of the Secretary. Annually, the Owners shall provide, or cause the lessee, **sublessee**, or management agent (as applicable) to provide, to the Secretary and mortgagee, a certification of compliance with the Secretary's professional liability insurance requirements as evidenced by an Accord or certified copy of the insurance policy.

I. Notices. Notices sent pursuant to Paragraph 11 of the Agreement may be sent by registered or certified mail, hand delivery or by a nationally recognized overnight delivery service.

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J. Defined Terms. The following definitions are hereby added to paragraph 13 of the Agreement:

- (l) "rent," "profits" and "income" shall include: all healthcare insurance receivables, rents, lease payments, **sublease payments** revenues, charges, fees and assistance payments arising from the operation of the project, including but not limited to workers' compensation, social security and other third-party reimbursement payments, Accounts Receivable (as defined in the Collateral Description for the Security Agreement and UCC-1 Financing Statement for the Mortgagor) and all payments and income arising from the operation of the project and/or the provision of services to residents or tenants thereof.
- (m) "Approved Use" means the use of the project as a **65 bed skilled nursing and/or assisted living facility** and such other uses as may be approved in writing from time to time by the Secretary based upon a request made by the Owners, lessee or management agent, but excluding any uses that are discontinued with the written approval of the Secretary.

K. Secretary Consent to Master Lease. The following is hereby added to the Agreement as Paragraph 19:

- 18. The Secretary hereby consents to the HUD Facilities Master Lease, by an among Owners, Master Tenant, and others, dated as of April 1, 2013.

L. Mold Monitoring. The following is hereby added to the Agreement as Paragraph 19:

- 19. Owners shall monitor the mortgaged property for mold, or cause the mortgaged property to be monitored, according to environmental best practices.

[To be executed and notarized by the Owners in the same manner as the Regulatory Agreement]

[SIGNATURE PAGE TO LEAN RIDER TO REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.

PETERSEN 30, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP-SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

# **Exhibit L**

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

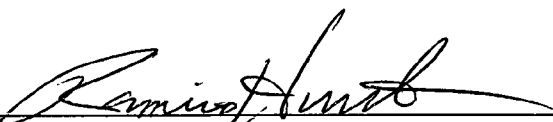
**Regulatory Agreement**  
**Nursing Homes - Master Tenant**

Between Petersen MT, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-00744346 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

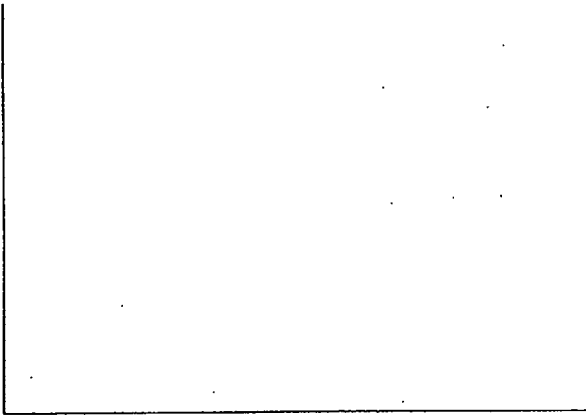
When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
 Mattoon, Illinois 61938



For Recorder's Office

**PALM TERRACE OF MATTOON  
 COLES COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Master Tenant**

Project Number <b>072-22127</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$4,673,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Coles</b>	Date <b>Contemporaneously herewith</b>	
Book	Page		

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes – Master Tenant attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between Petersen MT, LLC, an Illinois limited liability company

whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Petersen 23, LLC, an Illinois limited liability company, Mortgagor, to Petersen MT, LLC, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, ~~Lessee agree for themselves, their~~ Lessee agrees for itself, its successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor with respect to the mortgaged property and the project



shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;

- (4) ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (5) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (9) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor, mortgagor and the Commissioner on the day of \_\_\_\_\_, 19, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (10) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the~~

~~above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.

- (11) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (12) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (13) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~  
See Rider Paragraph F.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents  
See Rider Paragraph G.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a


proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

- (16) See Rider Paragraph H.
- (17) See Rider Paragraph I.
- (18) See Rider Paragraph J.
- (19) See Rider Paragraph K.

**COUNTERPART SIGNATURE PAGE TO  
REGULATORY AGREEMENT NURSING HOMES – MASTER TENANT**

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

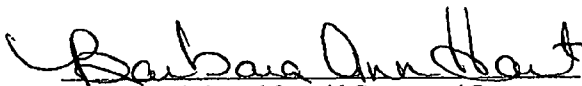
**PETERSEN MT, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.





LEAN Rider  
to Regulatory Agreement  
Nursing Homes – Master Tenant

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of April 1, 2013 (the "Agreement") by and between PETERSEN MT, LLC (the "Lessee" or "lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to Palm Terrace of Mattoon, FHA Project No. 072-22127. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 178-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement"), any **Regulatory Agreement Nursing Homes – Sublessee between any sublessee and the Commissioner (the "Sublessee Regulatory Agreement)**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee,

simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Sublessee Regulatory Agreement** or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease **with respect to the mortgaged property** to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12)(a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter

any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the **Sublessee Regulatory Agreement** or the **Owner Regulatory Agreement**, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

- (16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee or sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.
- (b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.
- (c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

- (17)(a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the

Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. Secretary Consent to Master Lease and Sublease. The following is hereby added to the Agreement as Paragraph 19:

(19) The Secretary hereby consents to the HUD Facilities Master Lease by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013 and the Sublease by and among Master Tenant and Petersen Management Company, LLC dated as of April 1, 2013.

[To be executed and notarized by the lessee in the same manner  
as the Regulatory Agreement Nursing Homes]





**EXHIBIT A**  
**LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24,  
TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES  
COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID  
POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN  
ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO  
BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET  
WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST  
QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE  
EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY  
OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES  
40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE  
ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE  
NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE  
RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE  
TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS  
DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE  
ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF  
SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS  
CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA  
AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE  
TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED  
COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST  
QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID  
WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57  
SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF  
THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL  
LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH  
LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04  
SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00  
FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID  
WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56  
SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

**DOCUMENT CERTIFICATION**

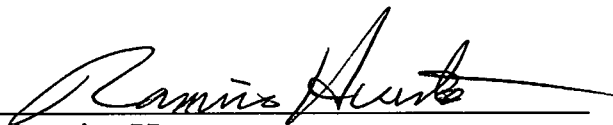
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Master Tenant**

Between Petersen MT, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 179869 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
 Flora, Illinois 62839

For Recorder's Office

**FLORA HEALTH CENTER  
 CLAY COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Master Tenant**

Project Number <b>072-22124</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$3,824,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Clay</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes – Master Tenant attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between Petersen MT, LLC, an Illinois limited liability company

whose address is ~~whose address is~~ 830 West Trailcreek Dr., Peoria, Illinois 61614

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 26, LLC, an Illinois limited liability company**, Mortgagor, to **Petersen MT, LLC**, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, ~~Lessee agree for themselves, their~~ **Lessee agrees for itself, its successors, heirs and assigns**, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor with respect to the mortgaged property and the project shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary

maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;

- (4) ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (5) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (9) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (10) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.

- (11) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (12) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (13) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~  
See Rider Paragraph F.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents  
See Rider Paragraph G.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection

of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

- (16) See Rider Paragraph H.
- (17) See Rider Paragraph I.
- (18) See Rider Paragraph J.
- (19) See Rider Paragraph K.







LEAN Rider  
to Regulatory Agreement  
Nursing Homes – Master Tenant

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of April 1, 2013 (the "Agreement") by and between Petersen MT, LLC (the "Lessee" or "lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to Flora Health Center, FHA Project No. 072-22124. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 99 bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement"), **any Regulatory Agreement Nursing Homes – Sublessee between any sublessee and the Commissioner (the "Sublessee Regulatory Agreement")**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee,

simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Sublessee Regulatory Agreement** or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease **with respect to the mortgaged property** to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12)(a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter

any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu therefor:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, **the Sublessee Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee or sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17)(a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the

Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. Secretary Consent to Master Lease. The following is hereby added to the Agreement as Paragraph 19:

(19) The Secretary hereby consents to the HUD Facilities Master Lease by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013 and the Sublease by and among Master Tenant and Petersen Management Company, LLC dated as of April 1, 2013.

[To be executed and notarized by the lessee in the same manner  
as the Regulatory Agreement Nursing Homes]

[SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.

PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISTNACE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389

**DOCUMENT CERTIFICATION**

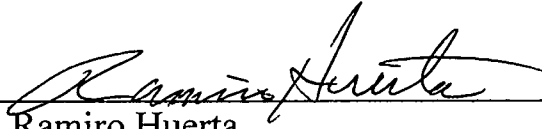
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Master Tenant**

Between Petersen MT, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-99908 At 9:44 a.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
\_\_\_\_\_  
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 04-19-401-037  
 04-19-401-039

Common Street Address:

700 East Main Street  
 Toulon, Illinois 61483



For Recorder's Office

**TOULON REHAB & HEALTH CENTER  
 STARK COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Master Tenant**

Project Number <b>071-22262</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$5,272,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Stark</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes – Master Tenant attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 49,

Between Petersen MT, LLC, an Illinois limited liability company

whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Petersen 27, LLC, an Illinois limited liability company, Mortgagor, to Petersen MT, LLC, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, ~~Lessee agree for themselves, their~~ Lessee agrees for itself, its successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor with respect to the mortgaged property and the project



shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;

- (4) ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (5) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (9) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (10) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the~~

~~above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.

- (11) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (12) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (13) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~  
See Rider Paragraph F.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents  
See Rider Paragraph G.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a

proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

- (16) **See Rider Paragraph H.**
- (17) **See Rider Paragraph I.**
- (18) **See Rider Paragraph J.**
- (19) **See Rider Paragraph K.**





LEAN Rider  
to Regulatory Agreement  
Nursing Homes – Master Tenant

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of April 1, 2013 (the "Agreement") by and between PETERSEN MT, LLC (the "Lessee" or "lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to Toulon Rehab & Health Center, FHA Project No. 071-22262. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 136-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement"), any Regulatory Agreement Nursing Homes – Sublessee between any sublessee and the Commissioner (the "Sublessee Regulatory Agreement"), or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee,

simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Sublessee Regulatory Agreement** or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease **with respect to the mortgaged property** to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12)(a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter

any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, **the Sublessee Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee or sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17)(a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the

Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. Secretary Consent to Master Lease and Sublease. The following is hereby added to the Agreement as Paragraph 19:

(19) The Secretary hereby consents to the HUD Facilities Master Lease by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013 and the Sublease by and among Master Tenant and Petersen Management Company, LLC dated as of April 1, 2013.

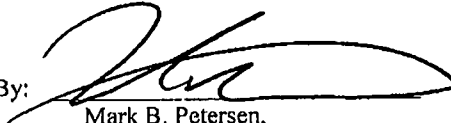
[To be executed and notarized by the lessee in the same manner  
as the Regulatory Agreement Nursing Homes]



[SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.


PETERSEN MT, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY: COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Master Tenant**

Between Petersen MT, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05027 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By: \_\_\_\_\_

  
Ramiro Huerta,  
Agent

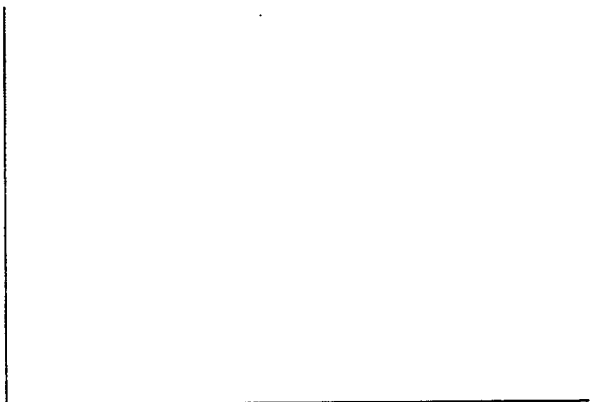
When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
 Mt. Vernon, Illinois 62864



For Recorder's Office

**MT. VERNON HEALTH CENTER  
 JEFFERSON COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Master Tenant**

Project Number <b>072-22123</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$2,146,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Jefferson</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes – Master Tenant attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~;

Between Petersen MT, LLC, an Illinois limited liability company

whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Petersen 29, LLC, an Illinois limited liability company, Mortgagor, to Petersen MT, LLC, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, ~~Lessee agree for themselves, their~~ Lessee agrees for itself, its successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor with respect to the mortgaged property and the project

shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;

- (4) ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (5) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (9) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (10) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the~~

~~above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.

- (11) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (12) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (13) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~  
See Rider Paragraph F.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents  
See Rider Paragraph G.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a

proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

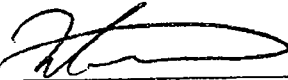
- (16) See Rider Paragraph H.
- (17) See Rider Paragraph I.
- (18) See Rider Paragraph J.
- (19) See Rider Paragraph K.



**COUNTERPART SIGNATURE PAGE TO  
REGULATORY AGREEMENT NURSING HOMES – MASTER TENANT**

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

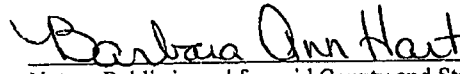
**PETERSEN MT, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS                    )  
  ) ss:  
COUNTY OF Peoria                    )

On this 5<sup>th</sup> day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14





LEAN Rider  
to Regulatory Agreement  
Nursing Homes – Master Tenant

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of April 1, 2013 (the "Agreement") by and between Petersen MT, LLC (the "Lessee" or "lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to Mt. Vernon Health Center, FHA Project No. 072-22123. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu therefor:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 106-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement"), any Regulatory Agreement Nursing Homes – Sublessee between any sublessee and the Commissioner (the "Sublessee Regulatory Agreement), or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee,

simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the Sublessee Regulatory Agreement or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease with respect to the mortgaged property to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12)(a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter

any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the Sublessee Regulatory Agreement or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee or sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17)(a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the

Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description.** The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. **Secretary Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:


(19) The Secretary hereby consents to the HUD Facilities Master Lease by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013 and the Sublease by and among Master Tenant and Petersen Management Company, LLC dated as of April 1, 2013.

[To be executed and notarized by the lessee in the same manner  
as the Regulatory Agreement Nursing Homes]

[SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.


PETERSEN MT, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS                    )  
  ) ss:  
COUNTY OF Peoria                    )

On this 5 day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864



**DOCUMENT CERTIFICATION**


The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Master Tenant**

Between Petersen MT, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05016 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-30-401-007  
**07-30-401-013**  
 Common Street Address:

1700 White Street  
 Mt. Vernon, Illinois 62684

For Recorder's Office

**WHITE OAK REHAB & HEALTH CENTER**  
**JEFFERSON COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Master Tenant**

Project Number <b>072-22125</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$2,497,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Jefferson</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes – Master Tenant attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between Petersen MT, LLC, an Illinois limited liability company

whose address is 830 West Trailcreek Dr., Peoria, Illinois 61614

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Petersen 30, LLC, an Illinois limited liability company, Mortgagor, to Petersen MT, LLC, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, ~~Lessee agree for themselves, their~~ Lessee agrees for itself, its successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor with respect to the mortgaged property and the project shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary

maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;

- (4) ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (5) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (9) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (10) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.

- (11) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (12) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (13) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~  
See Rider Paragraph F.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents  
See Rider Paragraph G.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection

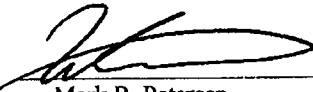
of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

- (16) See Rider Paragraph H.
- (17) See Rider Paragraph I.
- (18) See Rider Paragraph J.
- (19) See Rider Paragraph K.
- (20) See Rider Paragraph L.

**COUNTERPART SIGNATURE PAGE TO  
REGULATORY AGREEMENT NURSING HOMES – MASTER TENANT**

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

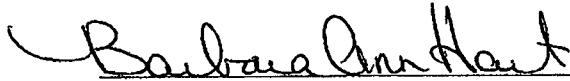
**PETERSEN MT, LLC,**  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

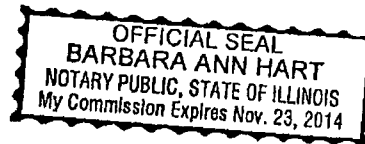
STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

  
Notary Public in and for said County and State

My commission expires 11-23-14.





LEAN Rider  
to Regulatory Agreement  
Nursing Homes – Master Tenant

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of April, 2013 (the "Agreement") by and between Petersen MT, LLC (the "Lessee" or "lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to White Oak Rehab & Health Center, FHA Project No. 072-22125. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 65 bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement"), **any Regulatory Agreement Nursing Homes – Sublessee between any sublessee and the Commissioner (the "Sublessee Regulatory Agreement)**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee,

simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Sublessee Regulatory Agreement** or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease with respect to the mortgaged property to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12)(a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter



any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the **Sublessee Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee or sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17)(a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the

Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description.** The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. **Secretary Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:

(19) The Secretary hereby consents to the HUD Facilities Master Lease by an among Mortgagor, Master Tenant, and others, dated as of April 1, 2013 and the Sublease by and among Master Tenant and Petersen Management Company, LLC dated as of April 1, 2013.

L. **Mold Monitoring.** The following is hereby added to the Agreement as Paragraph 20:

(20) Master Tenant shall monitor the mortgaged property for mold, or cause the mortgaged property to be monitored, according to environmental best practices.

[To be executed and notarized by the lessee in the same manner  
as the Regulatory Agreement Nursing Homes]

[SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES]

IN WITNESS WHEREOF, the undersigned has executed this Rider as of the date first set forth above.

PETERSEN MT, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:  
)

On this 5 day of April, 2013, before me, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Signature]  
Notary Public in and for said County and State

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

# **Exhibit M**

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

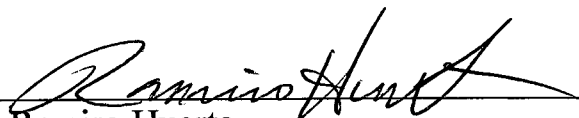
**Regulatory Agreement**  
**Nursing Homes - Sublessee**

Between Petersen Management Company, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-00744349 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Coles County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
 Mattoon, Illinois 61938



For Recorder's Office

**PALM TERRACE OF MATTOON  
 COLES COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Sublessee**

Project Number <b>072-22127</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$4,673,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Coles County</b>	Date <b>Contemporaneously herewith</b>	
<del>Book</del>		<del>Page</del>	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes - Sublessee attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between **PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company**

whose address is **830 West Trailcreek Dr., Peoria, Illinois 61614**

(jointly and severally, hereinafter referred to as **Sublessee**) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 23, LLC, an Illinois limited liability company**, Mortgagor, to **Petersen MT, LLC (the "Master Tenant")**, and the subletting of the project by **Master Tenant to the Sublessee**, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, **Sublessees** agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:



The **sublease** shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;

- (1) **Sublessee** shall make payments under **sublease** when due;
- (2) Payments by the **Sublessee** to the **Master Tenant** lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the **sublease** have not been sufficient to take care of the above items, the lessor, **Master Tenant** and **Sublessee** upon request in writing from the Commissioner shall renegotiate the amounts due under the **sublease** so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the **Sublessee**, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project; ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~  
See Rider Paragraph A;
- (3) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
See Rider Paragraph B;
- (4) **Sublessee** shall maintain in good repair and condition any parts of the project for the maintenance of which **Sublessee** is responsible under the terms of the **sublease**;
- (5) **Sublessee** shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;

- (6) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~  
See Rider Paragraph C;
- (7) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~  
See Rider Paragraph D;
- (8) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~  
See Rider Paragraph D.
- (9) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See Rider Paragraph E.
- (10) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~  
See Rider Paragraph E.
- (11) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper~~

~~management of the project~~  
**See Rider Paragraph F.**

- (12) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. **Sublessee** shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents **See Rider Paragraph G.**
- (13) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood


and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the **sublease** between the ~~mortgagee~~ **Master Tenant lessor** and the **Sublessee**, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the **Sublessee** is identified; and further, if the **Sublessee** is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the **Sublessee**; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the **Sublessee** may be identified.

**See Rider Paragraphs H-K.**

**IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date acknowledged below to be effective as of the date first set forth above.**

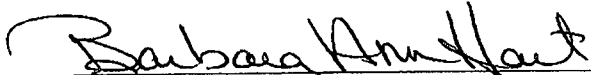
[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS                    )  
  ) ss:  
COUNTY OF Peoria                    )

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

  
Notary Public

My commission expires 11-23-14.





LEAN Rider  
to Regulatory Agreement  
Nursing Homes - Sublessee

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes-Sublessee, dated as of April 1, 2013 (the "Agreement") by and between Petersen Management Company, LLC (the "Sublessee" or "sublessee"), and the Federal Housing Commissioner (the "Commissioner") with respect to PALM TERRACE OF MATTOON, FHA Project No. 072-22127. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the **Sublessee** shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 178-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor, **Master Tenant** or the **Sublessee**, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The **Sublessee** shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the **Sublessee** shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The **Sublessee** shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the **Sublessee's** rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the **Sublessee** shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, **Sublessee** hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the **Sublessee**, its successors or assigns, any and all documents, to the extent

that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The **Sublessee** will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the **Sublessee** without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the **Sublessee** will advise the Commissioner and mortgagee promptly.

(c) The **Sublessee** shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by **Sublessee** from any governmental authority that includes any statement, finding or assertion that (i) the **Sublessee** or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the **Sublessee** or the project is subject to any governmental investigation or inquiry involving fraud. **Sublessee** shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the **Sublessee** to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The **Sublessee** shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the **Sublessee** shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) **Sublessee** shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that **Sublessee** receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Regulatory Agreement Nursing Homes between the Master Tenant and the Commissioner (the "Master Tenant Regulatory Agreement")**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the **Sublessee** to make future payments due under the sublease to the

Commissioner or the mortgagee, the **Sublessee** shall thereafter make all future payments under the **sublease** to the Commissioner or the mortgagee as so directed.

- (10) The **sublease** may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the **Sublessee** for a violation by the **Sublessee** of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the **Sublessee** commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the **Sublessee** that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.
- (12) (a) The **sublease** shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the **sublease**, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.
- (b) Without the prior written approval of the Commissioner, the **sublease** shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase (A) the obligations of the mortgagor or the **Master Tenant** or (B) the rights of the **Sublessee**, (iii) decrease (A) the rights of the mortgagor or the **Master Tenant** or (B) the obligations of the **Sublessee**, or (iv) alter any provision of the **sublease** that the Commissioner required to be included therein. Copies of all amendments to the **sublease** shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The **Sublessee** shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the **Master Tenant Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, **Sublessee** shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be)

the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of **Sublessee** under this paragraph shall be limited to the extent necessary in order for **Sublessee** to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the **Sublessee** shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the **Sublessee** under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If **Sublessee** (or any direct or indirect parent of **Sublessee**) is required to provide an audited financial statement to any lender, **Sublessee** shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) **Sublessee** shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the **Sublessee** shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the **Sublessee** shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the **Sublessee** related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the **Sublessee** shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. **Sublessee** hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between



mortgagor and **Sublessee**, in lieu of the security interest referred to above, **Sublessee** shall grant to the mortgagor a first lien security interest in such personal property of the **Sublessee** as may be required by the mortgagee and/or the Commissioner as security for the obligations of **Sublessee** under the **sublease**. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the **Sublessee** shall not be permitted to grant any other liens on any of the personal property of the **Sublessee** related to the project. If the project includes a skilled nursing home, the **Sublessee** shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the **Sublessee** and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description.** The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. **Commissioner Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:

- (19) The Commissioner hereby consents to the Sublease by and between Master Tenant and Sublessee, dated as of April 1, 2013.

[To be executed and notarized in the same manner  
as the Regulatory Agreement Nursing Homes – Sublessee]

[COUNTERPART SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES - SUBLESSEE]

IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date first set forth above.

PETERSEN MANAGEMENT COMPANY, LLC,  
a Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
 ) ss:  
COUNTY OF Peoria )

On this 5 day of April, 2013, before me, Barbara Hart a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

Barbara Ann Hart  
Notary Public

My commission expires 11-23-14



**EXHIBIT A  
LEGAL DESCRIPTION**

PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 12 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, COLES COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER, FROM SAID POINT OF BEGINNING, THENCE EAST 659.93 FEET ALONG THE NORTH LINE OF BLOCK A IN ANNIS SUBDIVISION TO THE CITY OF MATTOON, ILLINOIS, SAID NORTH LINE ALSO BEING THE SOUTH LINE OF SAID NORTHEAST QUARTER, TO A POINT LYING 655.40 FEET WEST OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER; THENCE NORTH 512.54 FEET ALONG LINE WHICH IS PARALLEL WITH THE EAST LINE OF NINTH STREET AS DEDICATED IN PINE ACRES SUBDIVISION IN THE CITY OF MATTOON AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 38 MINUTES 40 SECONDS WITH THE LAST DESCRIBED COURSE TO THE SOUTHERLY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD 66 FOOT WIDE RIGHT-OF-WAY; THENCE NORTHWEST 195.04 FEET ALONG SAID RIGHT-OF-WAY WHICH FORMS AN ANGLE TO THE RIGHT OF 126 DEGREES 06 MINUTES 44 SECONDS WITH THE LAST DESCRIBED COURSE TO THE EASTERLY EXTENSION OF THE CENTERLINE OF OKLAHOMA AVENUE AS DEDICATED IN NOYES' FOURTH ADDITION TO MATTOON, ILLINOIS, SAID CENTERLINE ALSO BEING THE SOUTH LINE OF 2.12 ACRE TRACT IN THE SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER LYING SOUTH OF SAID SOUTHERLY LINE OF ILLINOIS CENTRAL GULF RAILROAD AND NORTH OF THE CENTERLINE OF SAID OKLAHOMA AVENUE; THENCE WEST 301.38 FEET ALONG SAID CENTERLINE WHICH FORMS AN ANGLE TO THE RIGHT OF 143 DEGREES 22 MINUTES 35 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT LYING 200.00 FEET EAST OF THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 549.98 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID WEST LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 35 MINUTES 57 SECONDS WITH THE LAST DESCRIBED COURSE TO A POINT LYING 80.00 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER AS MEASURED ALONG SAID PARALLEL LINE; THENCE WEST 200.00 FEET ALONG A LINE WHICH IS PARALLEL WITH SAID SOUTH LINE AND WHICH FORMS AN ANGLE TO THE RIGHT OF 269 DEGREES 16 MINUTES 04 SECONDS WITH LAST DESCRIBED COURSE TO A POINT ON SAID WEST LINE LYING 80.00 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTH 80.00 FEET ALONG SAID WEST LINE WHICH FORMS AN ANGLE TO THE RIGHT OF 90 DEGREES 43 MINUTES 56 SECONDS WITH THE LAST DESCRIBED COURSE TO THE POINT OF BEGINNING.

PIN: 07-1-00908-000

Common Street Address:

1000 Palm Avenue  
Mattoon, Illinois 61938

**DOCUMENT CERTIFICATION**

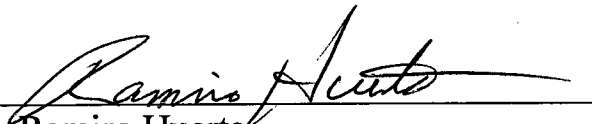
The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Sublessee**

Between Petersen Management Company, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 179872 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Clay County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:   
\_\_\_\_\_  
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
 Flora, Illinois 62839

For Recorder's Office

FLORA HEALTH CENTER  
 CLAY COUNTY, ILLINOIS

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

**Regulatory Agreement  
 Nursing Homes – Sublessee**

Project Number <b>072-22124</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$3,824,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Clay County</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes - Sublessee attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~.

Between **PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company**  
 whose address is **830 West Trailcreek Dr., Peoria, Illinois 61614**

(jointly and severally, hereinafter referred to as **Sublessee**) and the undersigned Federal Housing Commissioner, (hereinafter called **Commissioner**).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 26, LLC, an Illinois limited liability company**, Mortgageor, to **Petersen MT, LLC (the "Master Tenant")**, and the subletting of the project by **Master Tenant to the Sublessee**, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, **Sublessees** agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

The **sublease** shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;

- (1) **Sublessee** shall make payments under **sublease** when due;
- (2) Payments by the **Sublessee** to the **Master Tenant** lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the **sublease** have not been sufficient to take care of the above items, the lessor, **Master Tenant** and **Sublessee** upon request in writing from the Commissioner shall renegotiate the amounts due under the **sublease** so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the **Sublessee**, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project; ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~ See **Rider Paragraph A**;
- (3) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
**Rider Paragraph B**;
- (4) **Sublessee** shall maintain in good repair and condition any parts of the project for the maintenance of which **Sublessee** is responsible under the terms of the **sublease**;
- (5) **Sublessee** shall not remodel, reconstruct, add to, or demolish any part of the

mortgaged property or subtract from any real or personal property of the project;

- (6) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~ See **Rider Paragraph C**;
- (7) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~ See **Rider Paragraph D**;
- (8) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~ See **Rider Paragraph D**.
- (9) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See **Rider Paragraph E**.
- (10) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~ See **Rider Paragraph E**.
- (11) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall~~

~~immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~

**See Rider Paragraph F.**

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

**See Rider Paragraph G.**

- (13) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the

Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the ~~sublease~~ ~~between the mortgagee~~ **Master Tenant** lessor and the **Sublessee**, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the **Sublessee** is identified; and further, if the **Sublessee** is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the **Sublessee**; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the **Sublessee** may be identified.

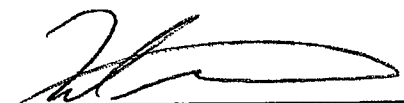
**See Rider Paragraphs H-K.**

**IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date acknowledged below to be effective as of the date first set forth above.**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company


By:



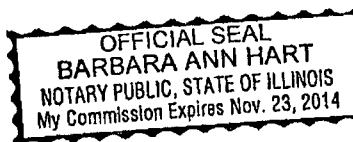
Mark B. Petersen,  
Manager

STATE OF ILLINOIS                    )  
  ) ss:  
COUNTY OF Peoria                    )

On this 5 day of April, 2013, before me, Barbara Hart a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public

My commission expires 11-23-14.





[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]

Secretary of Housing and Urban Development,  
acting by and through the Federal Housing  
Commissioner

By: Rosa Lewis  
Roger A. Lewis  
Authorized Agent  
Office of Residential Care Facilities

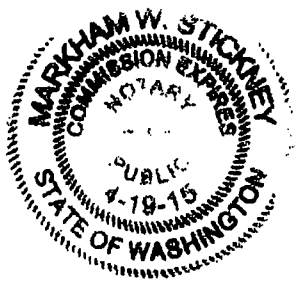
ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Roger A. Lewis is the person who appeared before me, on this 10 day of April, 2013 and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and the Director of the Production Division in the Office of Residential Care Facilities, U.S. Department of Housing and Urban Development, and that he, being authorized to do so by virtue of such office, executed the foregoing instrument on behalf of the Federal Housing Commissioner, acting for the Secretary of the U.S. Department of Housing and Urban Development, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal.

[SEAL]



Markham W. Stickney  
Notary Public  
(Print Name) Markham W. Stickney  
Residing at King County  
Notary Public  
Title (and rank)

My commission expires: 04/19/15

LEAN Rider  
to Regulatory Agreement  
Nursing Homes - Sublessee

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes-Sublessee, dated as of April 1, 2013 (the "Agreement") by and between Petersen Management Company, LLC (the "Sublessee" or "Sublessee"), and the Federal Housing Commissioner (the "Commissioner") with respect to FLORA HEALTH CENTER, FHA Project No. 072-22124. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the **Sublessee** shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 99 bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor, **Master Tenant** or the **Sublessee**, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The **Sublessee** shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the **Sublessee** shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The **Sublessee** shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the **Sublessee's** rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the **Sublessee** shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, **Sublessee** hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the **Sublessee**, its successors or assigns, any and all documents, to the extent

that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The **Sublessee** will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the **Sublessee** without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the **Sublessee** will advise the Commissioner and mortgagee promptly.

(c) The **Sublessee** shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by **Sublessee** from any governmental authority that includes any statement, finding or assertion that (i) the **Sublessee** or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the **Sublessee** or the project is subject to any governmental investigation or inquiry involving fraud. **Sublessee** shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the **Sublessee** to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The **Sublessee** shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the **Sublessee** shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) **Sublessee** shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

(9) In the event that **Sublessee** receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Regulatory Agreement Nursing Homes between the Master Tenant and the Commissioner (the "Master Tenant Regulatory Agreement")**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the **Sublessee** to make future payments due under the **sublease** to the

Commissioner or the mortgagee, the **Sublessee** shall thereafter make all future payments under the **sublease** to the Commissioner or the mortgagee as so directed.

- (10) The **sublease** may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the **Sublessee** for a violation by the **Sublessee** of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the **Sublessee** commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the **Sublessee** that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

- (12) (a) The **sublease** shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the **sublease**, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the **sublease** shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase (A) the obligations of the mortgagor or the **Master Tenant** or (B) the rights of the **Sublessee**, (iii) decrease (A) the rights of the mortgagor or the **Master Tenant** or (B) the obligations of the **Sublessee**, or (iv) alter any provision of the **sublease** that the Commissioner required to be included therein. Copies of all amendments to the **sublease** shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The **Sublessee** shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the **Master Tenant Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, **Sublessee** shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be)

the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of **Sublessee** under this paragraph shall be limited to the extent necessary in order for **Sublessee** to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the **Sublessee** shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the **Sublessee** under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If **Sublessee** (or any direct or indirect parent of **Sublessee**) is required to provide an audited financial statement to any lender, **Sublessee** shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) **Sublessee** shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the **Sublessee** shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the **Sublessee** shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the **Sublessee** related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the **Sublessee** shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. **Sublessee** hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between

mortgagor and **Sublessee**, in lieu of the security interest referred to above, **Sublessee** shall grant to the mortgagor a first lien security interest in such personal property of the **Sublessee** as may be required by the mortgagee and/or the Commissioner as security for the obligations of **Sublessee** under the **sublease**. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the **Sublessee** shall not be permitted to grant any other liens on any of the personal property of the **Sublessee** related to the project. If the project includes a skilled nursing home, the **Sublessee** shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the **Sublessee** and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. Commissioner Consent to Master Lease. The following is hereby added to the Agreement as Paragraph 19:

- (19) The Commissioner hereby consents to the Sublease by and between Master Tenant and Sublessee, dated as of April 1, 2013.

[To be executed and notarized in the same manner  
as the Regulatory Agreement Nursing Homes – Sublessee]

[COUNTERPART SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES - SUBLESSEE]

IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date first set forth above.

PETERSEN MANAGEMENT COMPANY, LLC,  
a Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

[Signature]  
Notary Public

My commission expires 11-23-14



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

TRACT "B" BEING A PART OF THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, AS SHOWN ON THE PLAT AND DESCRIPTION THEREOF RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF CLAY COUNTY, ILLINOIS IN PLAT RECORD E, PAGE 47;

**TRACT II:**

146.14 FEET OF EVEN WIDTH OFF OF THE WEST SIDE OF TRACT "A", BEING A PART OF THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY-THREE (23), TOWNSHIP THREE (3) NORTH, RANGE SIX (6) EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF FLORA, CLAY COUNTY, ILLINOIS, IN PLAT RECORD E, PAGE 47;

WHICH TRACTS I AND II ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

A PORTION OF TRACT A AND ALL OF TRACT B OF PLAT RECORD E, PAGE 47 SITUATED IN THE CITY OF FLORA, COUNTY OF CLAY, STATE OF ILLINOIS, LYING WITHIN SECTION 23, TOWNSHIP 3 NORTH, RANGE 6 EAST, OF THE AFORESAID COUNTY RECORDS OF DEEDS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT A 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE ROAD 13 PER PLAT RECORD E, PAGE 47 OF THE AFORESAID COUNTY RECORDS OF DEEDS; THENCE SOUTH 00° 56' 35" WEST, DEPARTING THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 295.06 FEET; THENCE NORTH 86° 20' 40" WEST, ON THE NORTH LINE OF KNNAMON'S SUBDIVISION AS RECORDED IN PLAT BOOK B, PAGE 412 OF THE AFORESAID COUNTY RECORDS OF DEEDS, A DISNTANCE OF 811.16 FEET TO A POINT ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 5,699.65 FEET, A DELTA ANGLE OF 03° 08' 34", A CHORD BEARING OF NORTH 12° 02' 40" WEST, A CHORD LENGTH OF 312.60 FEET AND AN ARC LENGTH OF 312.64' TO A POINT ON THE SOUTH RIGHT OF WAY OF THE AFORESAID STATE ROAD 13; THENCE SOUTH 86° 34' 58" EAST ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISTNACE OF 573.55 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 80° 53' 45" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROAD 13, A DISANCE OF 100.56 FEET TO A FOUND 1/2" IRON PIPE; THENCE SOUTH 86° 36' 22" EAST CONTINUING ON THE SOUTH RIGHT OF WAY LINE OF THE AFORESAID STATE ROUTE 13, A DISTANCE OF 208.14 FEET TO A FOUND 5/8" IRON PIPE MARKING THE NORTHEAST CORNER OF THE SUBJECT PROPERTY AND THE PLACE OF BEGINNING.

PIN: 10-23-400-014

Common Street Address:

232 Given Street  
Flora, Illinois 62389



**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:


**Regulatory Agreement**  
**Nursing Homes - Sublessee**

Between Petersen Management Company, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-99910 At 9:51 a.m.  
in the Recorder's Office of  
Stark County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By:



Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 04-19-401-037  
 04-19-401-039

Common Street Address:

700 East Main Street  
 Toulon, Illinois 61483



For Recorder's Office

**TOULON REHAB & HEALTH CENTER  
 STARK COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Sublessee**

Project Number <b>071-22262</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$5,272,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Stark County</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes - Sublessee attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between **PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company**

whose address is **830 West Trailcreek Dr., Peoria, Illinois 61614**

(jointly and severally, hereinafter referred to as **Sublessee**) and the undersigned Federal Housing Commissioner, (hereinafter called **Commissioner**).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 27, LLC, an Illinois limited liability company**, Mortgagor, to **Petersen MT, LLC** (the "Master Tenant"), and the subletting of the project by Master Tenant to the Sublessee, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, **Sublessees** agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

The **sublease** shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;

- (1) **Sublessee** shall make payments under **sublease** when due;
- (2) Payments by the **Sublessee** to the **Master Tenant** lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the **sublease** have not been sufficient to take care of the above items, the lessor, **Master Tenant** and **Sublessee** upon request in writing from the Commissioner shall renegotiate the amounts due under the **sublease** so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the **Sublessee**, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project; ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~ See **Rider Paragraph A**;
- (3) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~ See **Rider Paragraph B**;
- (4) **Sublessee** shall maintain in good repair and condition any parts of the project for the maintenance of which **Sublessee** is responsible under the terms of the **sublease**;
- (5) **Sublessee** shall not remodel, reconstruct, add to, or demolish any part of the

mortgaged property or subtract from any real or personal property of the project;

- (6) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~ See **Rider Paragraph C**;
- (7) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~ See **Rider Paragraph D**;
- (8) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~ See **Rider Paragraph D**.
- (9) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~ See **Rider Paragraph E**.
- (10) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~ See **Rider Paragraph E**.
- (11) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall~~

~~immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~

**See Rider Paragraph F.**

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

**See Rider Paragraph G.**

- (13) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the

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

**See Rider Paragraphs H-K.**

**IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date acknowledged below to be effective as of the date first set forth above.**

[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
 ) ss:  
COUNTY OF Peoria )

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

[Signature]  
Notary Public

My commission expires 11-23-14.





LEAN Rider  
to Regulatory Agreement  
Nursing Homes - Sublessee

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes-Sublessee, dated as of April 1, 2013 (the "Agreement") by and between PETERSEN MANAGEMENT COMPANY, LLC (the "Sublessee" or "Sublessee"), and the Federal Housing Commissioner (the "Commissioner") with respect to TOULON REHAB & HEALTH CENTER, FHA Project No. 071-22262. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the **Sublessee** shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 136-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor, **Master Tenant** or the **Sublessee**, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The **Sublessee** shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the **Sublessee** shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The **Sublessee** shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the **Sublessee's** rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the **Sublessee** shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, **Sublessee** hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the **Sublessee**, its successors or assigns, any and all documents, to the extent

that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The **Sublessee** will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the **Sublessee** without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the **Sublessee** will advise the Commissioner and mortgagee promptly.

(c) The **Sublessee** shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by **Sublessee** from any governmental authority that includes any statement, finding or assertion that (i) the **Sublessee** or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the **Sublessee** or the project is subject to any governmental investigation or inquiry involving fraud. **Sublessee** shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the **Sublessee** to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The **Sublessee** shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the **Sublessee** shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) **Sublessee** shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

(9) In the event that **Sublessee** receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Regulatory Agreement Nursing Homes between the Master Tenant and the Commissioner (the "Master Tenant Regulatory Agreement")**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the **Sublessee** to make future payments due under the sublease to the



Commissioner or the mortgagee, the **Sublessee** shall thereafter make all future payments under the **sublease** to the Commissioner or the mortgagee as so directed.

- (10) The **sublease** may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the **Sublessee** for a violation by the **Sublessee** of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the **Sublessee** commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the **Sublessee** that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.
- (12) (a) The **sublease** shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the **sublease**, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.
- (b) Without the prior written approval of the Commissioner, the **sublease** shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase (A) the obligations of the mortgagor or **the Master Tenant** or (B) the rights of the **Sublessee**, (iii) decrease (A) the rights of the mortgagor or **the Master Tenant** or (B) the obligations of the **Sublessee**, or (iv) alter any provision of the **sublease** that the Commissioner required to be included therein. Copies of all amendments to the **sublease** shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The **Sublessee** shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, **the Master Tenant Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, **Sublessee** shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be)

the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of **Sublessee** under this paragraph shall be limited to the extent necessary in order for **Sublessee** to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the **Sublessee** shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the **Sublessee** under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If **Sublessee** (or any direct or indirect parent of **Sublessee**) is required to provide an audited financial statement to any lender, **Sublessee** shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) **Sublessee** shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the **Sublessee** shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the **Sublessee** shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the **Sublessee** related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the **Sublessee** shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. **Sublessee** hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between

mortgagor and **Sublessee**, in lieu of the security interest referred to above, **Sublessee** shall grant to the mortgagor a first lien security interest in such personal property of the **Sublessee** as may be required by the mortgagee and/or the Commissioner as security for the obligations of **Sublessee** under the **sublease**. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the **Sublessee** shall not be permitted to grant any other liens on any of the personal property of the **Sublessee** related to the project. If the project includes a skilled nursing home, the **Sublessee** shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the **Sublessee** and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description.** The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as **Exhibit A** and incorporated herein.

K. **Commissioner Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:

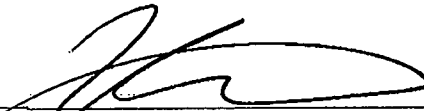
- (19) The Commissioner hereby consents to the Sublease by and between Master Tenant and Sublessee, dated as of April 1, 2013.

[To be executed and notarized in the same manner  
as the Regulatory Agreement Nursing Homes – Sublessee]

[COUNTERPART SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES - SUBLESSEE]

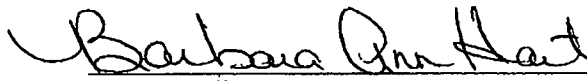
IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date first set forth above.

PETERSEN MANAGEMENT COMPANY, LLC,  
a Illinois limited liability company

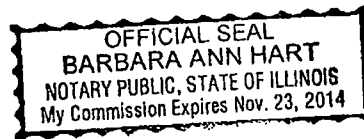
By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Ann Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

  
Notary Public

My commission expires 11-23-14



**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT I:**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, AND BEARINGS ARE FOR THE PURPOSES OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19, THENCE NORTH 0 DEGREES 1 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF MAIN STREET IN SAID CITY OF TOULON, NOW VACATED, 708.8 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE NORTH 0 DEGREES 15 MINUTES WEST, 400.0 FT TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 15 MINUTES EAST, 400.0 FEET TO AN IRON ROD ON THE NORTH LINE OF MAIN STREET IN THE CITY OF TOULON; THENCE NORTH 89 DEGREES 57 MINUTES EAST ALONG THE NORTH LINE OF SAID MAIN STREET, 14.8 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 49.3 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF THE NOW ABANDONED CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG THE SAID RIGHT OF WAY LINE, 16.0 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 54.1 FEET TO AN IRON ROD; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID ABANDONED RAILROAD, 401.4 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 252.5 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, ALONG THE NORTH LINE OF SAID MAIN STREET, NOW VACATED, 28.7 FEET TO THE PLACE OF BEGINNING, IN STARK COUNTY, ILLINOIS.

**TRACT II:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, STARK COUNTY, ILLINOIS, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY; COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.8 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 682.5 FEET TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE CONTINUING SOUTH 89 DEGREES 57 MINUTES WEST, 55.0 FEET TO AN IRON ROD; THENCE SOUTH 0 DEGREES 01 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.0 FEET TO AN IRON ROD; THENCE NORTH 0 DEGREES 01 MINUTES WEST, 55.0 FEET TO THE PLACE OF BEGINNING, SITUATED IN STARK COUNTY, ILLINOIS.

**TRACT III:**

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE ON THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTH LINE OF AN EXISTING 0.82 ACRE TRACT TO AN IRON ROD. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTE EAST, ALONG THE WEST LINE OF SAID 0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, ALONG THE NORTHERLY SIDE OF SAID

0.82 ACRE TRACT, 55.00 FEET TO AN IRON ROD; THENCE NORTH 44 DEGREES 58 MINUTES EAST, 77.80 FEET TO THE PLACE OF BEGINNING.

TRACT IV:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH, 00 DEGREES 01 MINUTE WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 00 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE NORTH 67 DEGREES 38 MINUTES WEST, ALONG SAID RIGHT OF WAY LINE, 148.65 FEET TO AN IRON ROD AT THE SOUTHEAST CORNER OF AN EXISTING 1.014 ACRE TRACT; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF SAID TRACT, 198.30 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 55.00 FEET; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 55.00 FEET TO AN IRON ROD; THENCE NORTH 89 DEGREES 57 MINUTES EAST, 82.50 FEET TO THE PLACE OF BEGINNING.

TRACT V:

A TRACT OF LAND LOCATED IN A PART OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 13 NORTH, RANGE 6 EAST OF THE FOURTH PRINCIPAL MERIDIAN, IN THE CITY OF TOULON, STARK COUNTY, ILLINOIS. MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS AND BEARINGS ARE FOR THE PURPOSE OF DESCRIPTION ONLY:

COMMENCING AT A STONE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 19; THENCE NORTH 00 DEGREES 01 MINUTES WEST, ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 19, A DISTANCE OF 987.80 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 600.00 FEET TO AN IRON ROD AT THE NORTHWEST CORNER OF AN EXISTING 0.255 ACRE TRACT. SAID IRON ROD BEING THE PLACE OF BEGINNING FOR THE TRACT TO BE DESCRIBED; THENCE SOUTH 80 DEGREES 01 MINUTES EAST, ALONG THE WEST LINE OF SAID TRACT, 309.70 FEET TO AN IRON ROD ON THE NORTH RIGHT OF WAY LINE OF ILLINOIS ROUTE #17; THENCE SOUTH 67 DEGREES 38 MINUTES EAST, ALONG SAID RIGHT OF WAY LINE, 54.07 FEET TO AN IRON ROD; THENCE NORTH 00 DEGREES 01 MINUTES WEST, 330.61 FEET TO AN IRON ROD; THENCE SOUTH 89 DEGREES 57 MINUTES WEST, 50.00 FEET TO THE PLACE OF BEGINNING.

WHICH TRACTS I, II, III, IV AND V ARE ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:

SITUATED IN THE CITY OF TOULON, COUNTY OF STARK AND STATE OF ILLINOIS, KNOWN AS BEING ALL OF A TRACT OF LAND DESCRIBED IN DEED TO PETERSEN HEALTH CARE CENTER II, INC., AN ILLINOIS CORPORATION, RECORDED JANUARY 7, 2005, RECORDERS FOR STARK COUNTY AND BEING FURTHER DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A PK NAIL SET IN THE NORTHEAST LINE OF EAST MAIN STREET (VARIABLE WIDTH - PUBLIC) FOR THE SOUTHEAST CORNER OF TRACT V OF AFOREMENTIONED PETERSEN PROPERTY;

THENCE ALONG THE NORTHEAST LINE OF EAST MAIN STREET, NORTH 67° 38' 00" WEST, A DISTANCE OF 604.12 FEET A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTHWEST CORNER OF TRACT I OF SAID PETERSEN PROPERTY;

THENCE LEAVING THE NORTHEAST LINE OF EAST MAIN STREET NORTH 00° 01' 00" WEST, 54.10 FEET TO A 5/8 INCH IRON ROD WITH CAP SET;

THENCE SOUTH 67° 38' 00" EAST, A DISTANCE OF 16.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE NORTH 00° 01' 00" WEST, A DISTANCE OF 49.30 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 89° 57' 00" WEST, A DISTANCE OF 14.80 FEET TO A POINT FROM WHICH AN IRON PIPE WITH  
CAP STAMPED "207" FOUND BEARS EAST A DISTANCE OF 1.1 FEET;  
THENCE NORTH 89° 57' 00" WEST, A DISTANCE OF 400.00 FEET TO A PK NAIL SET FROM WHICH AN IRON  
PIPE WITH CAP STAMPED "207" FOUND BEARS SOUTH A DISTANCE OF 1.5 FEET;  
THENCE SOUTH 00° 15' 00" EAST A DISTANCE OF 400.00 FEET;  
THENCE NORTH 89° 57' 00" EAST, A DISTANCE OF 158.80 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;  
THENCE SOUTH 00° 01' 00" EAST, A DISTANCE OF 330.61 FEET TO THE POINT OF BEGINNING.

PIN: 04-19-401-037  
04-19-401-039

Common Street Address:

700 East Main Street  
Toulon, Illinois 61483

○ ○

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Sublessee**

Between Petersen Management Company, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05030 At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By: \_\_\_\_\_

  
Ramiro Huerta,  
Agent



When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
 Mt. Vernon, Illinois 62864

For Recorder's Office

MT. VERNON HEALTH CENTER  
 JEFFERSON COUNTY, ILLINOIS

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

**Regulatory Agreement  
 Nursing Homes – Sublessee**

Project Number <b>072-22123</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$2,146,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Jefferson County</b>	Date <b>Contemporaneously herewith</b>	
<del>Book</del>	<del>Page</del>		

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes - Sublessee attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19,~~

Between **PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company**  
 whose address is **830 West Trailcreek Dr., Peoria, Illinois 61614**

(jointly and severally, hereinafter referred to as **Sublessee**) and the undersigned Federal Housing Commissioner, (hereinafter called **Commissioner**).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 29, LLC, an Illinois limited liability company, Mortgagor, to Petersen MT, LLC (the "Master Tenant")**, and the subletting of the project by **Master Tenant to the Sublessee**, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, **Sublessees** agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the

owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

The **sublease** shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;

- (1) **Sublessee** shall make payments under **sublease** when due;
- (2) Payments by the **Sublessee** to the **Master Tenant lessor** shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the **sublease** have not been sufficient to take care of the above items, the lessor, **Master Tenant** and **Sublessee** upon request in writing from the Commissioner shall renegotiate the amounts due under the **sublease** so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the **Sublessee**, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project; ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~ See **Rider Paragraph A;**
- (3) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
**Rider Paragraph B;**
- (4) **Sublessee** shall maintain in good repair and condition any parts of the project for the maintenance of which **Sublessee** is responsible under the terms of the **sublease**;

- (5) **Sublessee** shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (6) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~ See **Rider Paragraph C;**
- (7) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~ See **Rider Paragraph D;**
- (8) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~ See **Rider Paragraph D.**
- (9) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See **Rider Paragraph E.**
- (10) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~ See **Rider Paragraph E.**
- (11) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory~~

~~Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~

**See Rider Paragraph F.**

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

**See Rider Paragraph G.**

- (13) There shall be full compliance with the provisions of (1) any State or local laws


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

**See Rider Paragraphs H-K.**

**IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date acknowledged below to be effective as of the date first set forth above.**

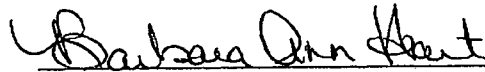
[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]

PETERSEN MANAGEMENT COMPANY, LLC,  
an Illinois limited liability company

By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of Nov, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

  
Notary Public

My commission expires 11-23-14.



**[COUNTERPART SIGNATURE PAGE TO REGULATORY AGREEMENT  
NURSING HOMES - SUBLESSEE]**

**Secretary of Housing and Urban Development,  
acting by and through the Federal Housing  
Commissioner**

By: *Roger A. Lewis*  
Roger A. Lewis  
Authorized Agent  
Office of Residential Care Facilities

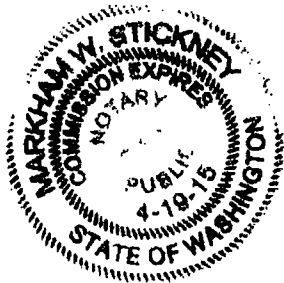
**ACKNOWLEDGEMENT**

STATE OF WASHINGTON )  
  ) ss:  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Roger A. Lewis is the person who appeared before me, on this 18 day of April, 2013 and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and the Director of the Production Division in the Office of Residential Care Facilities, U.S. Department of Housing and Urban Development, and that he, being authorized to do so by virtue of such office, executed the foregoing instrument on behalf of the Federal Housing Commissioner, acting for the Secretary of the U.S. Department of Housing and Urban Development, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal.

[SEAL]



*Markham W. Stickney*  
Notary Public  
(Print Name) *Markham W. Stickney*  
Residing at *King County*  
*Notary Public*  
Title (and rank)

My commission expires: *04/19/15*

LEAN Rider  
to Regulatory Agreement  
Nursing Homes - Sublessee

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes-Sublessee, dated as of April 1, 2013 (the "Agreement") by and between PETERSEN MANAGEMENT COMPANY, LLC (the "Sublessee" or "Sublessee"), and the Federal Housing Commissioner (the "Commissioner") with respect to MT. VERNON HEALTH CENTER, FHA Project No. 072-22123. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the **Sublessee** shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 106-bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor, **Master Tenant** or the **Sublessee**, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The **Sublessee** shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the **Sublessee** shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The **Sublessee** shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the **Sublessee's** rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the **Sublessee** shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, **Sublessee** hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the **Sublessee**, its successors or assigns, any and all documents, to the extent

that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The **Sublessee** will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the **Sublessee** without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the **Sublessee** will advise the Commissioner and mortgagee promptly.

(c) The **Sublessee** shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by **Sublessee** from any governmental authority that includes any statement, finding or assertion that (i) the **Sublessee** or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the **Sublessee** or the project is subject to any governmental investigation or inquiry involving fraud. **Sublessee** shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the **Sublessee** to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The **Sublessee** shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the **Sublessee** shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) **Sublessee** shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu therefor:

(9) In the event that **Sublessee** receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the Regulatory Agreement Parent Nursing Homes between the Master Tenant and the Commissioner (the "**Master Tenant Regulatory Agreement**"), or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the **Sublessee** to make future payments due under the sublease to the

Commissioner or the mortgagee, the Sublessee shall thereafter make all future payments under the sublease to the Commissioner or the mortgagee as so directed.

- (10) The sublease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the Sublessee for a violation by the Sublessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the Sublessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the Sublessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.
- (12) (a) The sublease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the sublease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.
- (b) Without the prior written approval of the Commissioner, the sublease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase (A) the obligations of the mortgagor or the Master Tenant or (B) the rights of the Sublessee, (iii) decrease (A) the rights of the mortgagor or the Master Tenant or (B) the obligations of the Sublessee, or (iv) alter any provision of the sublease that the Commissioner required to be included therein. Copies of all amendments to the sublease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The Sublessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, the Master Tenant Regulatory Agreement or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, Sublessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be)



the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of Sublessee under this paragraph shall be limited to the extent necessary in order for Sublessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the Sublessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the Sublessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If Sublessee (or any direct or indirect parent of Sublessee) is required to provide an audited financial statement to any lender, Sublessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Sublessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the Sublessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the Sublessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the Sublessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the Sublessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Sublessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between

mortgagor and **Sublessee**, in lieu of the security interest referred to above, **Sublessee** shall grant to the mortgagor a first lien security interest in such personal property of the **Sublessee** as may be required by the mortgagee and/or the Commissioner as security for the obligations of **Sublessee** under the **sublease**. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the **Sublessee** shall not be permitted to grant any other liens on any of the personal property of the **Sublessee** related to the project. If the project includes a skilled nursing home, the **Sublessee** shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the **Sublessee** and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description.** The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. **Commissioner Consent to Master Lease.** The following is hereby added to the Agreement as Paragraph 19:

- (19) **The Commissioner hereby consents to the Sublease by and between Master Tenant and Sublessee, dated as of April 1, 2013.**

**[To be executed and notarized in the same manner  
as the Regulatory Agreement Nursing Homes – Sublessee]**

[COUNTERPART SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES - SUBLESSEE]

IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date first set forth above.

PETERSEN MANAGEMENT COMPANY, LLC,  
a Illinois limited liability company

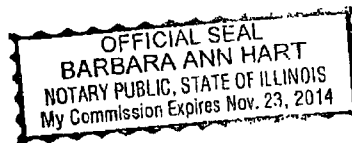
By: [Signature]  
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

[Signature]  
Notary Public

My commission expires 11-23-14.



**EXHIBIT A  
LEGAL DESCRIPTION**

A PART OF LOT 8 IN SAM CASEY'S SUBDIVISION OF A PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A P.K. NAIL SET IN ASPHALT SURFACE LOCATED SOUTH 88 DEGREES 50 MINUTES 07 SECONDS EAST, 449.12 FEET MEASURED (448.80 FEET RECORD) AND SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST, 238.86 FEET FROM THE NORTHWEST CORNER OF LOT 7 OF SAID SAM CASEY'S SUBDIVISION (SAID POINT OF BEGINNING LOCATED ON THE EAST LINE OF A TRACT OF LAND HERETOFORE CONVEYED TO HICKORY GROVE MANOR, INC.); THENCE SOUTH 0 DEGREES 19 MINUTES 21 SECONDS EAST A DISTANCE OF 188.40 FEET MEASURED (188.86 FEET RECORD) TO AN IRON PIN; THENCE SOUTH 88 DEGREES 45 MINUTES 07 SECONDS EAST, A DISTANCE OF 400.00 FEET TO AN IRON PIN; THENCE NORTH 0 DEGREES 56 MINUTES 30 SECONDS WEST A DISTANCE OF 188.64 FEET MEASURED (188.86 FEET RECORD) TO A P.K. NAIL SET IN ASPHALT SURFACE; THENCE NORTH 88 DEGREES 46 MINUTES 37 SECONDS WEST, A DISTANCE OF 397.96 FEET MEASURED (400 FEET RECORD) TO THE POINT OF BEGINNING, SITUATED IN JEFFERSON COUNTY, ILLINOIS;

AND ALSO

AN EASEMENT FOR INGRESS AND EGRESS TO THE ABOVE DESCRIBED TRACT, FOR USE BY THE GRANTEE, ITS ASSIGNS, SUCCESSORS, SERVANTS, EMPLOYEES AND INVITEES, IN COMMON WITH OTHERS HOLDING THE RIGHT TO USE SUCH AREA UNDER EASEMENT HERETOFORE OR HEREAFTER GRANTED, OVER, UPON, AND ACROSS THE FOLLOWING DESCRIBED TRACT, 50 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT THE NORTHWEST CORNER OF LOT 7 OF SAM CASEY'S SUBDIVISION OF PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST A DISTANCE OF 448.80 FEET, RUNNING THENCE SOUTH 0 DEGREES 57 MINUTES EAST A DISTANCE OF 213.86 FEET TO THE CENTERLINE OF SAID EASEMENT, RUNNING THENCE SOUTH 89 DEGREES 0 MINUTES EAST 400.00 FEET, THENCE SOUTH 71 DEGREES 33 MINUTES EAST 206.73 FEET MEASURED (207.4 FEET RECORDED); THENCE AROUND A 30 DEGREES CURVE 127.11 FEET MEASURED (128.3 FEET RECORDED) (T=66.02 FEET EAST=11.09 FEET MEASURED)(T=66.6 FEET RECORDED); THENCE NORTH 70 DEGREES 19 MINUTES EAST 83.98 FEET MEASURED (83.4 FEET RECORDED) TO THE WEST BOUNDARY OF 34TH STREET.

PIN: 06-36-126-015

Common Street Address:

#5 Doctor's Park Road  
Mt. Vernon, Illinois 62864

**DOCUMENT CERTIFICATION**

The document attached hereto is certified to be a true and correct copy of the original of the following document:

**Regulatory Agreement**  
**Nursing Homes - Sublessee**

Between Petersen Management Company, LLC  
and the Federal Housing Commissioner

Dated as of April 1, 2013  
Recorded April 24, 2013,  
as Instrument No. 2013-05019 // At \_\_\_\_\_ .m.  
in the Recorder's Office of  
Jefferson County, Illinois

FIDELITY NATIONAL TITLE INSURANCE  
CO.

By: \_\_\_\_\_

  
Ramiro Huerta,  
Agent

When recorded, please return to:

Kim Y. Harris, Esq.  
 Office of Counsel  
 U.S. Dept. of Housing & Urban Dev.  
 77 West Jackson Boulevard  
 Chicago IL 60604

PIN: 07-30-401-007

**07-30-401-013**

Common Street Address:

1700 White Street  
 Mt. Vernon, Illinois 62684

For Recorder's Office

**WHITE OAK REHAB & HEALTH CENTER  
 JEFFERSON COUNTY, ILLINOIS**

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

**Regulatory Agreement  
 Nursing Homes – Sublessee**

Project Number <b>072-22125</b>		Mortgagee <b>Lancaster Pollard Mortgage Company</b>	
Amount of Mortgage Note <b>\$2,497,000.00</b>		Date <b>as of April 1, 2013</b>	
Mortgage Recorded (State) <b>Illinois</b>	County <b>Jefferson County</b>	Date <b>Contemporaneously herewith</b>	
Book		Page	

This Agreement, together with the LEAN Rider to Regulatory Agreement Nursing Homes - Sublessee attached hereto and made a part hereof (the "Rider"), entered into this as of April 1, 2013 ~~19~~,

Between **PETERSEN MANAGEMENT COMPANY, LLC, an Illinois limited liability company**  
 whose address is **830 West Trailcreek Dr., Peoria, Illinois 61614**

(jointly and severally, hereinafter referred to as **Sublessee**) and the undersigned Federal Housing Commissioner, (hereinafter called **Commissioner**).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by **Petersen 30, LLC, an Illinois limited liability company**, Mortgagee, to **Petersen MT, LLC (the "Master Tenant")**, and the subletting of the project by **Master Tenant** to the **Sublessee**, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, **Sublessees** agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

The **sublease** shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;

- (1) **Sublessee** shall make payments under **sublease** when due;
- (2) Payments by the **Sublessee** to the **Master Tenant** lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the **sublease** have not been sufficient to take care of the above items, the lessor, **Master Tenant** and **Sublessee** upon request in writing from the Commissioner shall renegotiate the amounts due under the **sublease** so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the **Sublessee**, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project; ~~The lessee shall not sublease the project or any part thereof without the consent of the Commissioner~~ See **Rider Paragraph A**;
- (3) ~~The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license~~  
**Rider Paragraph B**;
- (4) **Sublessee** shall maintain in good repair and condition any parts of the project for the maintenance of which **Sublessee** is responsible under the terms of the **sublease**;
- (5) **Sublessee** shall not remodel, reconstruct, add to, or demolish any part of the

mortgaged property or subtract from any real or personal property of the project;

- (6) ~~Lessee shall not use the project for any purpose except the operation of a nursing home~~ See **Rider Paragraph C**;
- (7) ~~If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor mortgagor and the Commissioner on the day of \_\_\_\_\_, 19\_\_\_\_, a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner~~ See **Rider Paragraph D**;
- (8) ~~The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period~~ See **Rider Paragraph D**.
- (9) ~~The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project~~  
See **Rider Paragraph E**.
- (10) ~~The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement~~ See **Rider Paragraph E**.
- (11) ~~The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall~~

~~immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project~~

**See Rider Paragraph F.**

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

**See Rider Paragraph G.**

- (13) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin; and (2) with the Regulations of the

Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioners to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the ~~sublease~~ ~~between the mortgager Master Tenant lessor and the Sublessee~~, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the Sublessee is identified; and further, if the Sublessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the Sublessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the Sublessee may be identified.

**See Rider Paragraphs H-L.**

**IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date acknowledged below to be effective as of the date first set forth above.**







LEAN Rider  
to Regulatory Agreement  
Nursing Homes - Sublessee

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes-Sublessee, dated as of April 1, 2013 (the "Agreement") by and between Petersen Management Company, LLC (the "Sublessee" or "sublessee"), and the Federal Housing Commissioner (the "Commissioner") with respect to White Oak Rehab & Health Center, FHA Project No. 072-22125. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the **Sublessee** shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 65 bed skilled nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor, **Master Tenant** or the **Sublessee**, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The **Sublessee** shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the **Sublessee** shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The **Sublessee** shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the **Sublessee's** rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the **Sublessee** shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, **Sublessee** hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the **Sublessee**, its successors or assigns, any and all documents, to the extent

that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The **Sublessee** will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the **Sublessee** without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the **Sublessee** will advise the Commissioner and mortgagee promptly.

(c) The **Sublessee** shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by **Sublessee** from any governmental authority that includes any statement, finding or assertion that (i) the **Sublessee** or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the **Sublessee** or the project is subject to any governmental investigation or inquiry involving fraud. **Sublessee** shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the **Sublessee** to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The **Sublessee** shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the **Sublessee** shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) **Sublessee** shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

(9) In the event that **Sublessee** receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement, the **Regulatory Agreement Nursing Homes between the Master Tenant and the Commissioner (the "Master Tenant Regulatory Agreement")**, or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the **Sublessee** to make future payments due under the sublease to the

Commissioner or the mortgagee, the **Sublessee** shall thereafter make all future payments under the **sublease** to the Commissioner or the mortgagee as so directed.

- (10) The **sublease** may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the **Sublessee** for a violation by the **Sublessee** of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the **Sublessee** commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the **Sublessee** that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.
- (12) (a) The **sublease** shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the **sublease**, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.
- (b) Without the prior written approval of the Commissioner, the **sublease** shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase (A) the obligations of the mortgagor or **the Master Tenant** or (B) the rights of the **Sublessee**, (iii) decrease (A) the rights of the mortgagor or **the Master Tenant** or (B) the obligations of the **Sublessee**, or (iv) alter any provision of the **sublease** that the Commissioner required to be included therein. Copies of all amendments to the **sublease** shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

- (13) The **Sublessee** shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement, **the Master Tenant Regulatory Agreement** or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, **Sublessee** shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be)

the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of **Sublessee** under this paragraph shall be limited to the extent necessary in order for **Sublessee** to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the **Sublessee** shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the **Sublessee** under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If **Sublessee** (or any direct or indirect parent of **Sublessee**) is required to provide an audited financial statement to any lender, **Sublessee** shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) **Sublessee** shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the **Sublessee** shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the **Sublessee** shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the **Sublessee** related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the **Sublessee** shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. **Sublessee** hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between

mortgagor and **Sublessee**, in lieu of the security interest referred to above, **Sublessee** shall grant to the mortgagor a first lien security interest in such personal property of the **Sublessee** as may be required by the mortgagee and/or the Commissioner as security for the obligations of **Sublessee** under the **sublease**. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the **Sublessee** shall not be permitted to grant any other liens on any of the personal property of the **Sublessee** related to the project. If the project includes a skilled nursing home, the **Sublessee** shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the **Sublessee** and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. **Legal Description**. The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

K. **Commissioner Consent to Master Lease**. The following is hereby added to the Agreement as Paragraph 19:

- (19) The Commissioner hereby consents to the Sublease by and between Master Tenant and Sublessee, dated as of April 1, 2013.

L. **Mold Monitoring**. The following is hereby added to the Agreement as Paragraph 20:

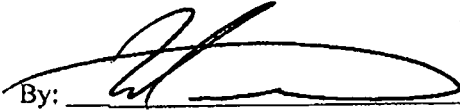
- (20) Sublessee shall monitor the mortgaged property for mold, or cause the mortgaged property to be monitored, according to environmental best practices.

[To be executed and notarized in the same manner  
as the Regulatory Agreement Nursing Homes – Sublessee]

[COUNTERPART SIGNATURE PAGE LEAN RIDER TO REGULATORY AGREEMENT NURSING HOMES - SUBLESSEE]

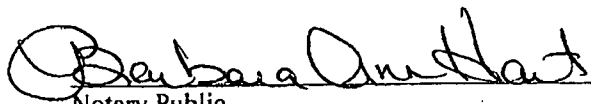
IN WITNESS WHEREOF, the undersigned has executed this Regulatory Agreement Nursing Homes-Sublessee as of the date first set forth above.

PETERSEN MANAGEMENT COMPANY, LLC,  
a Illinois limited liability company

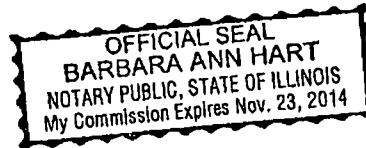
By:   
Mark B. Petersen,  
Manager

STATE OF ILLINOIS )  
COUNTY OF Peoria ) ss:

On this 5 day of April, 2013, before me, Barbara Hart a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Mark B. Petersen, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which said person acted, executed the instrument.

  
Notary Public

My commission expires 11-23-14





**EXHIBIT A  
LEGAL DESCRIPTION**

**TRACT 1:**

A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3 EAST OF THE THIRD PRINCIPAL MERIDIAN, JEFFERSON COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET; THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET; THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOTS 3 AND 4, 412 FEET, MORE OR LESS, TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 50 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4; THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET; THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WESTLINE OF SAID LOT 2; THENCE IN A NORTHERLY DIRECTION 400 FEET TO THE POINT OF BEGINNING; SITUATED IN COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**TRACT 2:**

LOT 2 AND LOTS 3 AND 4 IN BLOCK 7 IN SAMUAL K. CASEY'S THIRD ADDITION TO THE CITY OF MT VERNON, ILLINOIS, EXCEPT THE NORTH 170 FEET OF LOTS 3 AND 4; AND ALSO EXCEPT A PART OF LOTS 2, 3, AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2 AND RUNNING THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF SAID LOT 2, 171 FEET, THENCE IN A SOUTHERLY DIRECTION ALONG THE EAST LINE OF SAID LOT 2, 170 FEET, THENCE IN AN EASTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF SAID LOT 3 AND 4, 412 FEET, MORE OR LESS TO THE EAST LINE OF LOT 4 AT A POINT 170 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 4, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 4, 208 FEET, MORE OR LESS, TO A POINT 30 FEET EAST OF THE WEST LINE OF SAID LOT 4, THENCE IN A SOUTHERLY DIRECTION AND PARALLEL TO THE SAID WEST LINE OF LOT 4, 180 FEET, THENCE IN A WESTERLY DIRECTION AND PARALLEL TO THE NORTH LINE OF LOTS 2 AND 3, 372 FEET TO THE WEST LINE OF LOT 2, THENCE IN A NORTHERLY DIRECTION 400 FEET OT THE POINT OF BEGINNING, ALSO EXCEPT THAT PART OF LOTS 2, 3, AND 4 IN BLOCK 7 IN SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON, ILLINOIS, CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30TH DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO. 111627-LT01 BY DEED DATED NOVEMBER 8, 1972 AND RECORDED NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3150 (BEING THE MEDICAL COMPLEX); AND ALSO EXCEPT FROM SAID LOTS THE REAL ESTATE CONVEYED TO BANK OF ILLINOIS IN MT. VERNON, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER THE PROVISIONS OF A TRUST AGREEMENT DATED THE 30THE DAY OF SEPTEMBER, 1970, KNOWN AS TRUST NO; 322725-LT01, DATED NOVEMBER 8, 1972 AND RECORDED ON NOVEMBER 8, 1972 IN CABINET 1, DRAWER J, INSTRUMENT NO. 3151 (BEING THE DENTAL COMPLEX) ALL OF THE ABOVE DESCRIBED REAL ESTATE BEING SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON AND STATE OF ILLINOIS.

**SAID TRACTS I AND II ALSO COLLECTIVELY DESCRIBED AS FOLLOWS:**

SITUATED IN THE CITY OF MT. VERNON, COUNTY OF JEFFERSON, STATE OF ILLINOIS, AND BEING KNOWN AS A PORTION OF LOTS 2, 3 AND 4 IN BLOCK 7 OF SAMUEL K. CASEY'S THIRD ADDITION TO THE CITY OF MT. VERNON LOCATED IN THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 3, EAST OF THE THIRD PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2 ON THE NORTH LINE OF JEFFERSON AVENUE (WIDTH VARIES);

THENCE, ALONG THE WEST LINE OF SAID LOT 2, NORTH 0° 00' 00" EAST A DISTANCE OF 221.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG THE WEST LINE OF SAID LOT 2, NORTH 00° 00' 00" EAST, A DISTANCE OF 400.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE SOUTH LINE OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN HOSPITAL;

THENCE, ALONG THE SOUTH LINE OF SAID GOOD SAMARITAN HOSPITAL LAND, SOUTH 84° 55' 20" EAST, A DISTANCE OF 171.67 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHWEST CORNER OF LAND NOW OR FORMERLY CONVEYED TO GOOD SAMARITAN REGIONAL HEALTH;

THENCE, ALONG THE LAND OF GOOD SAMARITAN REGIONAL HEALTH THE FOLLOWING TWO (2) COURSE AND DISTANCES:

- 1) THENCE, SOUTH 00° 00' 00" EAST, A DISTANCE OF 170.00 FEET TO A 1" IRON PIPE FOUND;
- 2) THENCE, SOUTH 84° 55' 20" EAST, A DISTANCE OF 411.63 FEET TO A 5/8-INCH IRON ROD WITH CAP SET IN THE WEST LINE OF LAND NOW OR FORMERLY CONVEYED TO PHILIP M. & SHARON A. BEARD;

THENCE, ALONG THE WEST LINE OF SAID PHILIP M. & SHARON A. BEARD LAND, SOUTH 03° 37' 16" WEST, A DISTANCE OF 194.02 FEET TO A 5/8-INCH IRON ROD WITH CAP SET FOR THE NORTHEAST CORNER OF LAND NOW OR FORMERLY CONVEYED TO PEOPLES BANK OF MT. VERNON AS RECORDED IN INSTRUMENT NO. 199908881 OF JEFFERSON COUNTY RECORDS;

THENCE, ALONG THE NORTH LINE OF SAID PEOPLES BANK OF MT VERNON LAND, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) THENCE, NORTH 86° 23' 00" WEST, A DISTANCE OF 60.00 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 2) THENCE, SOUTH 03° 37' 00" WEST, A DISTANCE OF 35.21 FEET TO A 5/8-INCH IRON ROD WITH CAP SET;
- 3) THENCE, NORTH 84° 44' 40" WEST, A DISTANCE OF 508.79 FEET TO THE POINT OF BEGINNING.

TRACT 3:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE FOR THE BENEFIT OF TRACTS NOS. 1 AND 2 FOR INGRESS AND EGRESS TO AND FROM TRACTS NO 1 AND 2 OF TO WHITE AVENUE AND JEFFERSON AVENUE AS CREATED BY RECIPROCAL EASEMENT AGREEMENT BETWEEN CARAVILLA RESIDENT CENTERS, INC., AND GOOD SAMARITAN REGIONAL HEALTH CENTER DATED SEPTEMBER 19, 1996 AND RECORDED SEPTEMBER 26, 1996 IN CABINET 5, DRAWER 6, INSTRUMENT NO. 1053 IN JEFFERSON COUNTY, ILLINOIS, OVER, UPON AND ACROSS AN EXISTING PRIVATE STREET LOCALLY KNOWN AS DEADMAN STREET WHICH STREET LIES WITHIN THE EASTERLY 50 FEET OF LOT 4 IN BLOCK 7 IN SAMUEL E. CASEY'S THIRD ADDITION TO THE TOWN OF MT. VERNON, ILLINOIS.

PIN: 07-30-401-007

07-30-401-013

Common Street Address:

1700 White Street  
Mt. Vernon, Illinois 62684

**CERTIFICATE OF SERVICE**

I, Matthew G. Summers, Esquire, hereby certify that on this 21<sup>st</sup> day of March 2024, I caused a true and correct copy of the foregoing to be served by electronic notice upon all parties registered to receive notice via CM/ECF.

Dated: March 21, 2024

/s/ Matthew G. Summers

Matthew G. Summers (No. 5533)  
BALLARD SPAHR LLP