

APPLICATION SUMMARY

Date application filed: July 23, 2025

Name of facility: Masonic Village at Burlington

Current Owner: Masonic Charity Foundation of New Jersey

Applicant: Fountain Operator LLC

License number: 030306

Address: 902 Jacksonville Road, Burlington, NJ 08016

County: Burlington

Project Description: This project involves the Transfer of Ownership of the license, building and operations of the Masonic Village at Burlington, located at 902 Jacksonville Road, Burlington, NJ. The applicant will acquire the long term care facility license which will have 174 LTC Beds on the license at the time of closing.

Licensed capacity: There are currently 264 LTC Beds on the license, however, 90 beds were approved to be transferred to a different entity affiliated with Fountain Operator, LLC. At the time of closing on the transaction, therefore, there will be 174 LTC beds.

Current Licensed Owner: Masonic Charity Foundation of New Jersey

- See attached Board of Trustees included in TAB 1

Proposed Licensed Owner: Fountain Operator LLC

- See attached organizational chart included in TAB 2.
- Individual ownership interests are found on this chart.

Proposed Management Company (if applicable): Not Applicable

Ownership of Management Company: Not Applicable

Proposed Owner of Real Estate: Fountain Property LLC

Location of stored medical records (active and inactive) post-closing: Medical records will be stored electronically with PointClickCare Technologies Inc. The medical records contact is Celia Monteiro, Medical Records Custodian, who can be reached via email at chm@njmasonic.org or via phone at 609-239-3900

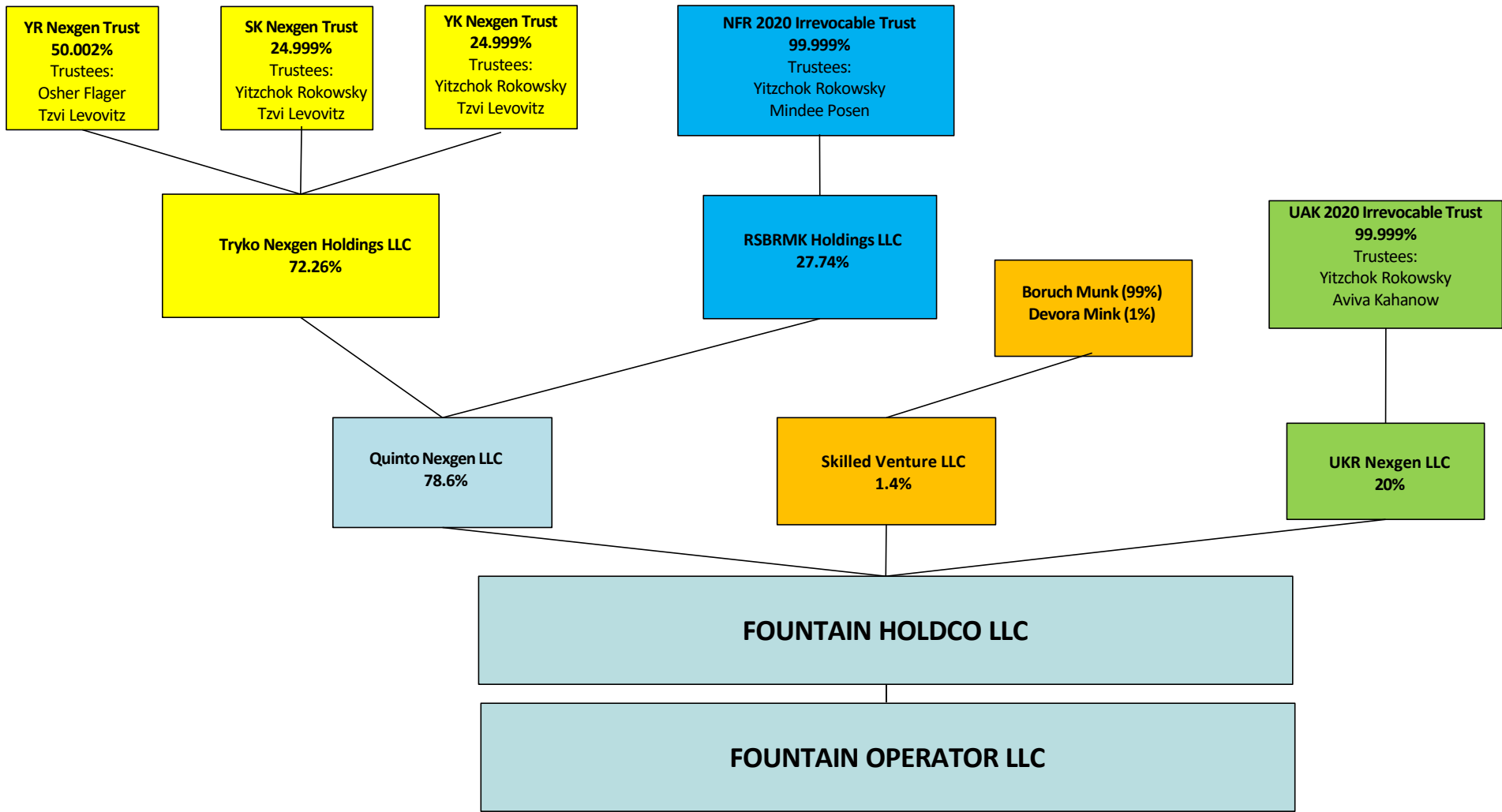
TAB 1

Masonic Charity Foundation of New Jersey is a non-profit entity.
The Board of Trustees are as follows:

1. J. Eugene Margroff, Chairman
2. Omar Morris, Member
3. Bruce C. Golway, Member
4. Bernard J. Madgey, Member
5. David Tucker, Member
6. Leonard Vander Horn, Chairman
7. Joseph K. Barbara, President
8. Samuel Carlisi, Member
9. Bruce S. Graham, Member
10. Ellis Jacobs, Member
11. William M. Krzewidk, III, Member
12. Yoel Lee, Member
13. Brian K. Mandel, Member
14. Don Tuttle, Member
15. David J. Weiss, Member
16. Robert J. Sheridan, Member

TAB 2

Fountain Operator LLC



List of Facilities Owned, Operated or Managed by Applicant

List of Facilities Owned, Operated or Managed by Applicant

Facility Name	Address	City	State
Alexandria Rehabilitation and Healthcare Center	900 Virginia Ave	Alexandria	VA
Allendale Senior Living	85 Harreton Road	Allendale	NJ
Allendale Rehabilitation and Healthcare Center	85 Harreton Road	Allendale	NJ
Alpine Valley Post Acute and Healthcare Center	945 Duke Street	Lebanon	PA
The Terraces at Alpine Valley	945 Duke Street	Lebanon	PA
The Arbor at Port Warwick	1100 William Styron Square S	Newport News	VA
Arbor Ridge Rehabilitation and Healthcare Center	261 Terhune Drive	Wayne	NJ
Aspen Hill Rehabilitation and Healthcare Center	190 North Avenue	Haverhill	MA
Atlantic View Post Acute	540 Aberthaw Ave	Newport News	VA
Avalon Rehabilitation and Healthcare Center	1059 Edinburg Road	Hamilton	NJ
Bay Harbor Post Acute and Healthcare Center	200 Civic Avenue	Salisbury	MD
Bayview Rehabilitation and Healthcare Center at Scalabrini	860 N Quidnessett Rd	North Kingstown	RI
Belmont Bay Rehabilitation and Healthcare Center	14906 Richmond Hwy	Woodbridge	VA
Berlin Rehabilitation and Healthcare Center	100 Long-A- Coming Lane	Berlin	NJ
Blueberry Hill Rehabilitation and Healthcare Center	75 Brimbal Avenue	Beverly	MA
The Boulevard Post Acute	9229 Arlington Blvd	Fairfax	VA
The Brentwood Rehabilitation and Healthcare Center	56 Liberty Street	Danvers	MA
Briarwood Rehabilitation and Healthcare Center	150 Lincoln Street	Needham	MA
Brighton Post Acute Care	170 Corey Road	Brighton	MA
Brockton Post Acute Care	50 Christy Place	Brockton	MA
Cambridge Enhanced Senior Living	255 East Main Street	Moorestown	NJ
Cambridge Rehabilitation and Healthcare Center	255 East Main Street	Moorestown	NJ
Canterbury Rehabilitation and Healthcare Center	1776 Cambridge Drive	Richmond	VA
Cape Cod Post Acute Care	383 S Orleans Rd	Brewster	MA
Capitol Rehabilitation and Healthcare Center	4000 Linglestown Road	Harrisburg	PA
The Terraces at Capitol Village	4004 Linglestown Road	Harrisburg	PA
Cedar Crest Post Acute	1265 South Cedar Crest Blvd	Allentown	PA
Cedar View Rehabilitation and Healthcare Center	480 Jackson Street	Methuen	MA
Chelsea Rehabilitation and Healthcare Center	2715 Dogtown Rd	Goochland	VA
Chestnut Woods Rehabilitation and Healthcare Center	73 Chestnut Street	Saugus	MA
Collingswood Rehabilitation and Healthcare Center	299 Hurley Ave	Rockville	MD
Coral Harbor Rehabilitation and Healthcare Center	2050 Sixth Ave	Neptune City	NJ
Crest Pointe Rehabilitation and Healthcare Center	1515 Hulse Road	Point Pleasant	NJ
Elmhurst Rehabilitation and Healthcare Center	50 Maude Street	Providence	RI
Exton Post Acute	501 Thomas Jones Way	Exton	PA
Florham Park Rehabilitation and Healthcare Center (SNF)	190 Park Avenue	Florham Park	NJ
The Terraces at Florham Park	190 Park Avenue	Florham Park	NJ
The Terraces at Florham Park	190 Park Avenue	Florham Park	NJ
Graduate Post Acute	1526 Lombard Street	Philadelphia	PA
Hampden Post Acute (Wilbraham)	9 Maple Street	Wilbraham	MA
Heritage Hills Rehabilitation and Healthcare Center	80 Douglas Pike	Smithfield	RI
Highland Park Rehabilitation and Healthcare Center (Eastpointe)	255 Central Avenue	Chelsea	MA
The Jewish Home for Rehabilitation and Nursing	1151 W Main Street	Freehold	NJ
Kearsley Rehabilitation and Nursing Center	2100 N. 49th Street	Philadelphia	PA
Lancashire Post Acute	287 School St	Kilmarnock	VA
Langley Post Acute	1028 Topping Ln	Hampton	VA
Laurel Brook Rehabilitation and Nursing Center	3718 Church Road	Mt Laurel	NJ
The Terraces at Lawrence	1 Bishops Drive	Lawrenceville	NJ
Lawrence Rehabilitation and Healthcare Center	1 Bishops Drive	Lawrenceville	NJ
The Meadows at Lawrence	Morris Hall Circle Drive	Lawrenceville	NJ
Lawrence Rehabilitation Hospital	2381 Lawrenceville Rd	Lawrenceville	NJ
Lawrence Rehabilitation Hospital	2381 Lawrenceville Rd	Lawrenceville	NJ
Lighthouse Rehabilitation and Healthcare Center	204 Proctor Avenue	Revere	MA
Lincolnwood Rehabilitation and Healthcare Center	610 Smithfield Rd	North Providence	RI
Logan Square Rehabilitation and Healthcare Center	2 Franklin Town Boulevard	Philadelphia	PA
Logan Square Enhanced Senior Living	2 Franklin Town Boulevard	Philadelphia	PA

Fountain View at Logan Square	2 Franklin Town Boulevard	Philadelphia	PA
Marcella Post Acute	305 Marcella Rd	Hampton	VA
Markley Rehabilitation and Healthcare Center	550 E Fornance St	Norristown	PA
Masonic Village at Burlington	902 Jacksonville Road	Burlington	NJ
Masonic Village at Burlington	902 Jacksonville Road	Burlington	NJ
Masonic Charity Foundation of NJ to be: Masonic Enhanced Senior Living	902 Jacksonville Road	Burlington	NJ
Roosevelt Rehabilitation and Healthcare Center	7800 Bustleton Ave	Philadelphia	PA
Meadow Park Rehabilitation and Healthcare Center	1525 N Rolling Road	Catonsville	MD
Merwick Care & Rehabilitation Center	100 Plainsboro Rd.	Plainsboro	NJ
Mill Brook Rehabilitation and Healthcare Center	100 Amity Street	Fall River	MA
Mont Marie Rehabilitation and Healthcare Center	36 Lower Westfield Rd	Holyoke	MA
Montgomery Subacute and Respiratory Center	251 Stenton Avenue	Plymouth Meeting	PA
Morgan Rehabilitation and Healthcare Center	80 Morgan Ave	Johnston	RI
Mount Holly Rehabilitation and Healthcare Center	62 Richmond Ave	Lumberton	NJ
North End Rehabilitation and Healthcare Center	70 Fulton Street	Boston	MA
New Eastwood Healthcare and Rehabilitation Center	2125 Fairview Avenue	Easton	PA
Newport Post Acute	11141 Warwick Blvd	Newport News	VA
The Huntington Assisted Living	11143 Warwick Blvd	Newport News	VA
Northampton Post Acute	4100 Freemansburg Ave	Easton	PA
Oakland Rehabilitation and healthcare Center	20 Breakneck Road	Oakland	NJ
Orchard Hill Rehabilitation and Healthcare Center	111 West Town Road	Towson	MD
Oxford Enhanced Senior Living	290 E Winchester Avenue	Langhorne	PA
Oxford Rehabilitation and Healthcare Center	300 E Winchester Avenue	Langhorne	PA
Oxford Crossings	310 E Winchester Avenue	Langhorne	PA
Palm Springs Post Acute (Chelmsford)	40 Parkhurst Road	Chelmsford	MA
Nashua Post Acute Care	55 Harris Road	Nashua	NH
Providence Rehabilitation and Healthcare Center at Mercy Fitzgerald	600 S wycombe Ave	Yeadon	PA
Rittenhouse Post Acute	1800 Lombard Street, 5th Floor	Philadelphia	PA
River Terrace Rehabilitation and Healthcare Center	1675 Main Street	Lancaster	MA
Riverside Post Acute	1750 Stockton Street	Jacksonville	FL
Riverton Rehabilitation and Healthcare Center	803 N Wahneta St	Allentown	PA
Riverton Enhanced Senior Living	803 N Wahneta St	Allentown	PA
Riverview Rehabilitation and Healthcare Center	546 Main St	Coventry	RI
The Terraces at Seacrest Village	281 Mathistown Rd	Little Egg Harbor	NJ
Seacrest Rehabilitation and Healthcare Center	1001 Center Street	Little Egg Harbor	NJ
Spring Grove Rehabilitation and Healthcare Center	144 Gales Drive	New Providence	NJ
Springfield Rehabilitation and Healthcare Center	463 West Sproul Road	Springfield	PA
Springfield Crossings	463 West Sproul Road	Springfield	PA
The Terraces at Tuckerman Lane	5550 Tuckerman Lane	Rockville	MD
Tuckerman Rehabilitation and Healthcare Center	5550 Tuckerman Lane	Rockville	MD
University City Rehabilitation and Healthcare Center	3609 Chestnut Street	Philadephia	PA
Venetian Care & Rehabilitation Center, The	275 John T O'Leary Blvd	South Amboy	NJ
Southampton Rehabilitation and Healthcare Center	7246 Forest Hill Ave	Richmond	VA
Walter Reed Post Acute	7602 Meredith Dr	Gloucester	VA
Webster Park Rehabilitation and Healthcare Center	56 Webster Street	Rockland	MA
West Chester Rehabilitation and Healthcare Center	800 W Miner Street	West Chester	PA
West Gables Health Care Center	2525 SW 75th Ave. 4th Floor	Miami	FL
Westerly Rehabilitation and Healthcare Center	280 High St	Westerly	RI
Westgate Hills Rehabilitation and Healthcare Center	10 N Rock Glen	Baltimore	MD
The Terraces at Westminster	45 Washington Road	Westminster	MD
Westmoreland Rehabilitation and Healthcare Center	2400 McKinney Blvd	Colonial Beach	VA
Willow Brook Rehabilitation and Healthcare Center (Wilmington)	90 West Street	Wilmington	MA
Willow Grove Post Acute	3485 Davisville Road	Hatboro	PA
Willow Springs Rehabilitation and Healthcare Center	1049 Burnt Tavern road	Brick	NJ
Woodbine Rehabilitation and Healthcare Center	2729 King Street	Alexandria	VA
Yardley Rehabilitation and Healthcare Center	1480 Oxford Valley Rd	Yardley	PA
York Post Acute	113 Battle Rd	Yorktown	VA

The Hamilton Assisted Living	113 Battle Rd	Yorktown	VA
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Proposed Lease Agreement

LEASE AGREEMENT

This Lease Agreement (the "Lease") is made as of the ___ day of _____, 202__, (the "Effective Date") by and between FOUNTAIN PROPERTY LLC as Landlord, whose address is 1608 Route 88, Suite 200, Brick, NJ 08724, and FOUNTAIN OPERATOR LLC as Tenant, whose address is 902 Jacksonville Road, Burlington, New Jersey 08016.

WITNESSETH

WHEREAS, Landlord is the owner of certain real property located at 902 Jacksonville Road, Burlington, New Jersey 08016, upon which a 143 bed, licensed nursing facility to be known as Masonic Post Acute is operating (the "Facility") and;

WHEREAS, Landlord and Tenant desire to enter into this Lease Agreement according to the terms and conditions set forth herein which shall take effect as of the Effective Date;

WHEREAS, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Facility and the other real and personal property, equipment and interests described in this Lease on the terms and conditions described below to implement the parties' intentions;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged and confessed, the parties, intending to be legally bound, agree as follows:

ARTICLE I LEASE

1.1 **Leased Premises.** Landlord hereby demises and leases to Tenant, and Tenant hereby rents and hires from Landlord, the following (collectively the "Leased Premises"):

1.1.1 The land and improvements upon which the Facility is located, including without limitation the Facility and fixtures located thereon, together with all tenements, hereditaments, rights, privileges, interests, easements and appurtenances now or hereafter belonging or in any way pertaining to the real property and/or the Facility (the "Real Property").

1.1.2 The Facility

1.1.3 All equipment, furniture, inventory (including, but not limited to, all inventories of every kind and nature whatsoever, specifically including, but not limited to, all pharmacy supplies, medical supplies, office supplies, other supplies and foodstuffs (hereinafter the "Inventory"), appliances, tools, instruments, and other tangible personal property owned by Landlord as of the date of this Lease, and located on the Real Property (the "Personal Property"), with the exception of the cell phone towers that are or may in the future be attached to the roof of the Facility.

1.1.4 All leases, contracts and other agreements assumed by Tenant hereunder, if any including any records related to the Facility which may belong to Landlord.

1.1.5 All books and records

1.1.6 All rights to the lien waivers, warranties, guaranties, utility use agreements, covenants, commitments, permits, certificates and approvals (but only to the extent any or all of the foregoing relate directly to the Facility and can be legally transferred by Landlord), with the exception of those related to the cell phone towers that are or may in the future be attached to the roof of the Facility.

1.2 **Lease Term.** The term of this Lease shall commence on the date that is set forth above (the "Commencement Date") and shall expire at midnight on December 31 of the year following the second anniversary of the Commencement Date of the Lease (such date as well as the date of the expiration of any Lease Term the "Expiration Date"), unless sooner terminated as hereinafter provided. On the Expiration Date the Lease shall automatically renew on a year to year basis (each such period a "Lease Term") unless notice of non-renewal shall be delivered by either party no later than thirty (30) days prior to the end of the Lease Term. Subject to the express prior written consent of any mortgage lender and any line of credit lender of Landlord and/or Tenant, as applicable, and subject to any conditions that such lender may require in connection therewith, at any time following December 31 of the year following the first anniversary of the Commencement Date, either party may terminate this Lease upon ninety (90) days prior written notice to the other.

1.3 **Condition of Premises.** Landlord represents and warrants the Premises are being delivered to Tenant in its "as-is" condition, except that on delivery of possession (i) the Premises shall contain all fixtures, systems and equipment existing in the Premises on the date hereof (by way of example only, and not in limitation thereof, air conditioning and heating systems and plumbing equipment) and (ii) the Premises shall otherwise be in good operating condition with service contracts in place.

ARTICLE II LEASE PAYMENTS AND OTHER FINANCIAL CONSIDERATIONS

2.1 Rent. The rent for the Facility (the "Rent") shall be as follows:

- a. Rent from the Effective Date until December 31st following closing ("Rent Year 1") shall be paid in monthly installments of [REDACTED] on the first day of each month.
- b. Rent from the following January 1st and for the eleven (11) months thereafter ("Rent Year 2") shall be Two Million [REDACTED] Dollars which shall be paid in monthly installments of [REDACTED] on the first day of each month.
- c. Rent from the following January 1st and for the eleven (11) months thereafter ("Rent Year 3") shall be [REDACTED] Dollars which shall be paid in monthly installments of [REDACTED] on the first day of each month.

- d. Rent for each successive year shall increase three percent (3%) on each successive January 1 until termination of the Lease and shall be paid in equal monthly installments on the first day of each month.

2.2 To the extent any amounts of rent as set forth in Section 2.1 are not paid by the 15th day of the month or other amounts due to Landlord under the terms of this Lease, whether as a result of an Event of Default or otherwise are not timely paid such amounts shall bear interest at the rate of eighteen percent (18%) per annum from the date such amounts were due until paid to Landlord.

2.4 For each fiscal year of the taxing authority falling wholly or partially within the Lease Term, Tenant shall pay all Taxes for such fiscal year applicable to the Premises. All payments to Taxes due hereunder shall be deemed Additional Rent hereunder. If the Landlord's mortgage requires that Taxes be paid in equal, one-twelfth (1/12th) installments on a monthly basis, then Tenant shall, upon notice thereof from Landlord's mortgagee, deposit monthly with the mortgagee such 1/12th payment, provided that such mortgagee delivers to Tenant a copy of the bill(s) for Taxes issued by the applicable taxing authority, as well as copies of all notices concerning assessments, tax rates, and changes thereto. If Landlord's mortgagee does not require that Taxes be paid in advance on a monthly basis, then Landlord shall, promptly upon receipt thereof, submit to Tenant a copy of the bill(s) for Taxes issued by the applicable taxing authority, as well as copies of all notices concerning assessments, tax rates, and changes thereto, and Tenant shall pay the amount indicated on such bill not less than five (5) days prior to the date on which such Taxes are due. Upon Landlord's request, Tenant shall provide Landlord with paid receipts (or other similar evidence) confirming Tenant's payment of Taxes for the preceding tax quarter (or other tax period).

2.5 For purposes of this Lease, the term "Taxes" shall mean all real estate taxes, assessments, ad valorem charges, city and county taxes, school taxes, and any other governmental liens, impositions or charges of a similar or dissimilar nature, whether general, special, ordinary, extraordinary, foreseen or unforeseen, and all water and sewer rents, rates and charges which may be levied, assessed or imposed on or with respect to the Premises by any taxing authority. Notwithstanding the foregoing, Taxes shall not include the following: (i) income, excise, profits, estate, inheritance, succession, gift, transfer, franchise, capital, or other tax or assessment upon Landlord or upon the rent payable under this Lease; (ii) taxes on rents (other than to the extent that such taxes are customarily paid by office tenants in the State of New Jersey), gross receipts or revenues of Landlord from the Premises; and (iii) assessments for public improvements arising from any expansion or renovation of the Facility (it being agreed that all assessments imposed during the Term which are permitted to be included within Taxes hereunder shall be paid in the maximum number of installments permitted by the applicable taxing authority). All Taxes payable by Tenant pursuant to this Article II shall be determined as if the Premises was the only property owned by Landlord.

2.6 Tenant may request that Landlord pursue a tax appeal, and if Landlord does not pursue such an appeal then Tenant may, at its option, file a tax appeal. If, as result of either Landlord's or Tenant's negotiating, appealing or contesting Taxes, Landlord receives a refund thereof, then Landlord shall within twenty (20) days of its receipt of said refund, remit such refund to Tenant. In the event Tenant pursues a tax appeal, Landlord shall cooperate with Tenant, which cooperation shall

include but not be limited to supplying all necessary information and executing and delivering any applications required by the governmental authority presiding over such appeal.

2.7 Landlord represents that, to the best of its knowledge, no portion of the Premises is subject to any special assessments or similar charges, or are included in any special improvement district(s) which would result in higher taxes than would exist in the absence of such district(s).

2.8 If the Commencement Date shall occur on a date other than the beginning of the fiscal year for taxes, or if the Expiration Date shall occur on a date other than end of the fiscal year for taxes, then any Taxes payable under this Article 2 for the calendar year in which the Commencement Date of the Expiration Date shall occur shall be appropriately prorated.

2.9 Tenant shall not assume any of Landlord's debt or any other financial obligations of Landlord. Tenant shall have the right to obtain reimbursement from Landlord, including the right of Tenant to set off against Rent, any amount of Landlord's debts and obligations paid by Tenant.

2.10 **Quiet Enjoyment.** So long as Tenant pays the Rent and performs and observes the other material terms and covenants to be performed and kept by it as provided in this Lease within any applicable notice and cure period. Tenant shall have peaceable and quiet possession of the Premises, subject to any mortgage on the Premises and to the provisions of this Lease.

ARTICLE III USE OF LEASED PREMISES/COMPLIANCE WITH LAW

3.1 **Use of Premises.** During the Term of this Lease, Tenant shall use the leased premises for the sole and exclusive purpose of operating a nursing home, which shall be continuously open and operating, and for such other related services as permitted by law in the same Facility as the nursing home. The Tenant shall operate the nursing home in accordance with standards at least equal to those prescribed by all governmental bodies having jurisdiction over (i) the Facility and/or (ii) its eligibility to receive reimbursement or other payment from public funds with respect to services rendered to patients eligible to benefit from any public program providing for such reimbursement or other payment and shall at all times operate the Facility in a manner consistent with the zoning laws then in effect and the certificate of occupancy. In no event may Tenant or any designee seek to change the number of licensed nursing facility beds in the Facility without the express written consent of Landlord except as may otherwise be required by law. Tenant shall notify Landlord within two (2) days of Tenant's receipt of any notice from any government agency requiring a decrease in the number of beds. Any beds added to the license or authorized complement shall be subject to the terms of this Lease surrendered at the end of the final Lease Term.

3.2 **Compliance with the Law.** Tenant shall maintain and conduct Tenant's business on the Leased Premises in a lawful manner and shall timely and fully comply with all federal, state and local laws, statutes and ordinances and all regulations, orders and directives of appropriate governmental and accrediting agencies, as such laws, statutes, ordinances, regulations, orders and directives now existing or that may hereafter be enacted, and, at Tenant's sole cost and expense, make any repairs, changes or modifications in, or to the Leased Premises required by any of the foregoing.

3.3 **Waste; Nuisance.** Tenant shall not perform or fail to perform any acts or carry on or permit to exist any practices that may injure or damage the Leased Premises in any respect or that may constitute a public or private nuisance or menace to the owners or occupants of adjacent property, or that may violate the provisions of any required insurance on the Leased Premises or that may diminish the coverage under such insurance or render such insurance void. Tenant shall not commit or suffer to exist any waste upon the Leased Premises.

3.4 **Notices to Landlord.**

3.4.1 Tenant shall provide Landlord notice within two (2) days of Tenant's receipt of any notice from any government agency of Tenant's noncompliance with any federal, state, or local laws, statutes, ordinances, regulations, orders, or directives, including without limitation any surveys for compliance of licensure or federal health program participation requirements; and, with notice of all actions by Tenant to cure such noncompliance and notices from such agencies that the noncompliance has been cured and within two (2) days of Tenant's receipt of any notice of any claim against Tenant related to Tenant's operations at the Facility, including without limitation any that involve alleged conditions of the Premises.

3.4.2. Tenant shall provide Landlord with prior notice of any need to relocate residents of the Facility to other facilities for any reason, including, without limitation, temporary relocations due to strikes, natural disasters, or other circumstances; and, shall not permanently relocate residents without Landlord's consent except as may be required by law.

3.5 **Prohibition Against Liens.** Tenant covenants that it will not create any lien, encumbrance or charge upon the Leased Premises, Rent payable hereunder, or any part of either thereof, and that it will satisfy or cause to be discharged, within thirty (30) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon Tenant's leasehold estate in the Leased Premises or Rent payable hereunder or any part of either. If any such lien shall be filed against Tenant's leasehold estate in the Leased Premises, or asserted against Rent or any amounts due hereunder, by reason of work, labor or services or asserted against Rent, by or to the Facility at the request of the Landlord with the permission of Tenant, Tenant shall, within forty-five (45) days after notice is received of the filing thereof or the assertion thereof against the Tenant's leasehold estate in the Leased Premises or Rent, by contest, payment, deposit, bond, order of Court or otherwise. Nothing in this Section 13.1 shall require the Tenant with an opinion of independent counsel that failure to satisfy or discharge such charge, claim or demand in such manner that the interest of Landlord, in the opinion of independent counsel, is not jeopardized. In no event and under no circumstances shall Tenant cause or suffer to exist any lien against or encumbrance upon Landlord's interest in the Leased Premises.

3.6 **Inspections.** Landlord and Landlord's agents, insurers, lenders and/or and representatives shall have the right to enter and inspect the Leased Premises during normal business hours, on at least one (1) full business day's prior notice to Tenant (except in emergencies) enter the Premises to inspect the Premises, to make or cause to be made such repairs as Landlord may deem necessary or desirable, and to exhibit the Premises to prospective purchasers and lenders. Entry shall be accomplished in such a manner as to cause the least interference with Tenant's business, and Landlord shall maintain the confidentiality of all information observed and/or heard during

Landlord's entry into the Premises. Notwithstanding any of the foregoing provisions of this Article XV, except in the event of an emergency, Tenant shall have the right to deny Landlord access to the Premises at any particular time if such access would unreasonably interfere with Tenant's business activities at such time.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF TENANT

Tenant hereby warrants and represents to Landlord, as of the date of this Lease and continuing up to and throughout the final Lease Term, that:

4.1 **Status and Authority of Tenant.** Tenant is a limited liability company duly organized and validly existing under the laws of the State of New Jersey and is qualified to do business therein. Tenant has full power and authority to execute and to deliver this Lease and all related documents, and to carry out the transactions contemplated herein. This Lease is valid, binding and enforceable as against Tenant in accordance with its terms. The execution of this Lease and the consummation of the transaction contemplated herein do not result in a breach of the terms and conditions nor constitute default under or violate Tenant's Partnership Agreement or any law, regulations, Court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Tenant is a party or by which Tenant or any of the assets of Tenant may be bound or affected.

4.2 **Litigation.** To the best of Tenant's knowledge there is no litigation, investigation or other proceeding pending or threatened against or in relation to Tenant, its properties or business which is material to this Lease, nor does Tenant know or have reasonable grounds to know of any business for any such action.

4.3 **Taxes.** Tenant has filed all tax returns (federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, other than such taxes that Tenant is contesting in good faith by appropriate legal proceedings and proper reserves have been established on the books of the Tenant.

4.4 Intentionally Deleted

4.5 **Conflicts.** Tenant is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument (including company charters or other organizational documents) which is likely to have a material adverse effect on the ability of Tenant to perform its obligations under the Lease or which would restrict or otherwise limit the incurring of the debt arising under this Lease.

4.6 **Compliance with Laws; Licensure.** Tenant is in material compliance with all laws, orders, regulations and ordinances of all federal, foreign, state and local governmental authorities binding upon or materially affecting the business, operation or assets of Tenant or has a plan of correction in place accepted by the State of New Jersey to promptly cure such violations. Tenant has not (i) had a civil monetary penalty assessed against it under the Social Security Act ("SSA") § 1128(a), (ii) been excluded from participation under the Medicare program or under a State health care program as defined in SSA §1128 (h) ("State Health Care Program"), or (iii) been convicted (as

that term is defined in 42 C.F.R. §1001.2) of any of the following categories of offenses as described in SSA §1127(a) and (b) (1), (2), (3): (A) criminal offenses relating to the delivery of an item of service under Medicare or any State Health Care Program; (B) criminal offenses under federal or state law relating to patient neglect or abuse in connection with the delivery of a health care item or service; (C) criminal offenses under federal or state law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct in connection with the delivery of a health care item or service or with respect to any act or omission in a program operated by or financed in whole or in part by any federal, state or local government agency; (D) federal or state laws relating to the interference with or obstruction of any investigations into any criminal offense described in (A) through (C) above; or (E) criminal offenses under federal or state law relating to the unlawful manufacture, distribution, prescription or dispensing of a controlled substance. Tenant holds all necessary licenses, permits and certifications required by any applicable governmental authority to operate the Facility, which is qualified to participate in both Medicare and Medicaid reimbursement programs without limitation, suspension or revocation of privileges. Tenant has materially complied with all applicable requirements of the United States of America, the State of New Jersey and all applicable local governments, and of its agencies and instrumentalities, to manage the Facility as it is to be operated. Tenant shall file all cost reports required to be filed with respect to the Facility's nursing home operations and the same shall be accurate in all material respects and in compliance with all applicable governmental rules and regulations. Tenant shall be in substantial compliance with and maintain provider agreements under Title XVII and XIX of the Social Security Act for reimbursement for long term nursing care and is qualified to participate in both Medicare and Medicaid reimbursement programs.

4.7 **Solvency.** Tenant has capital sufficient to carry on its business and transactions and all businesses and transactions in which it is about to engage and is solvent and able to pay its debts as they mature. No transfer of property is being made and no debt is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of Tenant.

4.8 **Accuracy of Information.** To the best of Tenant's knowledge after a due and diligent investigation, all factual information heretofore or contemporaneously furnished by or on behalf of Tenant to Landlord for the purposes of satisfying the provisions of or in connection with this Agreement or any transaction contemplated hereby is, and all other factual information (taken as a whole) hereafter furnished by or on behalf of Tenant to Landlord will be, to the best of Tenant's knowledge after a due and diligent investigation, true and accurate in every material respect on the date as of which such information is dated or certified, and Tenant has not omitted and will not omit any material fact necessary to prevent such information from being false or misleading. Tenant has disclosed to Landlord, in writing, all facts which Tenant has knowledge of and which Tenant believes is more likely than not to materially and adversely affect the business, credit, operations or financial condition of Tenant or which Tenant believes is more likely than not to materially and adversely affect any material portion of Tenant's property, or Tenant's ability to perform its obligations under the Lease.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF LANDLORD

5.1 Landlord hereby warrants and represents to Tenant, as of the date of this Lease, that:

5.1.1 **Authority.** Landlord has full power and authority to execute and to deliver this Lease and all related documents, and to carry out the transaction contemplated herein. This Lease is valid, binding and enforceable against Landlord in accordance with its terms. The execution of this Lease and the consummation of the transaction contemplated herein do not result in a breach of the terms and conditions of, nor constitute a default under, nor violation of any law, regulation, court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Landlord is now a party or by which Landlord or any of the assets of Landlord may be bound or affected.

5.1.2 **Title.** Landlord has or as of the Commencement Date shall have good and insurable fee simple title to the Real Property, subject only to the easements, reservations and encumbrances of record, those which an accurate survey would disclose or which are identified in the Title Report or schedule thereto as well as any first mortgage on the Real Property ("Permitted Exceptions"), and has or as of the Commencement Date shall have good and insurable title to the personal property to be leased to Tenant under the term of this Lease. Landlord warrants that so long as Tenant is not in default hereunder, Tenant shall have quiet enjoyment of the Leased Premises.

ARTICLE VI MAINTENANCE REPAIRS AND ALTERATIONS

6.1 **Maintenance and Repair.** Tenant shall be responsible for the payment of all costs and expenses incurred to operate and maintain the Leased Premises and Tenant acknowledges that Landlord shall have no obligations concerning repairs to or maintenance of the Leased Premises. This shall be what is commonly called a triple net lease. Landlord is not in any way responsible for the maintenance, repair or upkeep, repair or replacements of the Leased Premises or for any other issue or expense relating to the Leased Premises including the structural components. All such obligations shall be Tenant's sole cost and responsibility. Throughout the Lease Term, Tenant, at Tenant's sole cost and expense, shall keep and maintain the Leased Premises and all parts thereof in good working order and condition, ordinary wear and tear excepted, including but not limited to, the maintenance, repair and replacement, if necessary, of the roof, heating, ventilation and air conditioning system of the Facility, structural components, and all plumbing, electrical and equipment systems of the Facility and the grounds, driveways, walkways, paving and parking lots of the Leased Premises, including all snow and ice removal services and all gardening and landscaping and repairs to any fallen debris or brickwork on the façade of the Premises. Notwithstanding the foregoing, if major repairs or replacements shall be required during the last sixty (60) days of any term and either party has provided notice of termination, the parties shall use their best efforts to reach an agreement as to the fair and reasonable allocation of such costs and expenses

6.3 **Alterations.** Tenant shall make no improvements, alterations, changes or additions (collectively, "Alterations") to the Premises which involve structural changes to the Premises without the prior consent of Landlord, which shall not be unreasonably withheld, delayed or conditioned. Tenant shall have the right, without Landlord's consent and without prior notice to Landlord, to make Alterations which do not affect the structural portions of the Premises. All Alterations shall, upon the Expiration Date or sooner termination of this Lease, become the property of Landlord and shall be surrendered with the Premises. Except as expressly set forth herein, Tenant

shall have no obligation to remove any Alterations at the end of the Term, but to the extent Landlord consents and Tenant elects to remove any Alterations, and such removal shall be accomplished in a manner which will minimize any damage or injury to the Premises. With respect to Alterations for which Landlord's consent is required, Landlord may condition its consent to such proposed Alteration on the requirement that Tenant remove such Alteration at the end of the Term.

6.4 Tenant shall ensure that any general contractor performing Alterations in the Premises obtains public liability, worker's compensation and so-called "builders risk" insurance, copies of which policies shall be provided to Landlord upon request, and that all Alterations comply with all Legal Requirements. To the extent that any Alterations require the issuance of a certificate of occupancy, Tenant shall deliver same to Landlord promptly after Tenant's receipt thereof.

6.5 **Utilities.** Tenant shall be solely responsible for and shall pay all charges for utilities in respect of the Leased Premises, including, without limitation, charges for water, gas, electricity, sewer service, refuse disposal, telephone service and similar services incurred in connection with the operation of the Leased Premises during the term of the Lease and for all other cost or expenses associated with its business or the usage of the Leased Premises during the Lease Term.

ARTICLE VII EQUIPMENT

7.1 **Landlord's Equipment.** All equipment, furniture and furnishings on hand as of the Commencement Date and which are not tagged or marked by Tenant as Tenant's equipment shall constitute a part of the Leased Premises and shall be and remain the personal property of Landlord ("Landlord's Equipment"). Landlord's Equipment is provided without warranty or representation of any sort and Tenant hereby waives any and all claims of warranties or representations implied, granted by statute, common law or otherwise. Tenant will not remove or permit the removal of any Landlord's Equipment from the Leased Premises except in accordance with the provisions in this Section.

7.2 **Tenant's Equipment.** All equipment, fixtures, and furnishings acquired by Tenant and not constituting Landlord's Equipment shall be and remain the personal property of Tenant ("Tenant's Equipment") and shall be tagged or marked by Tenant as such; however, no equipment, fixtures, and furnishings may be removed at the end of the final Lease Term without the consent of Landlord which consent may be withheld in its sole discretion. Upon the termination of this Lease, all of the Tenant's Equipment shall belong to the Landlord.

7.3 **Disposition of Obsolete Equipment.** Landlord and Tenant recognize that portions of Landlord's Equipment may become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Leased Premises. In any instance in which Tenant in its sole discretion determines that any items of Landlord's Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Leased Premises, Tenant may remove such items of Landlord's Equipment from the Leased Premises, and on behalf of Landlord sell, trade-in, exchange or otherwise dispose of same without any responsibility or accountability to Landlord thereof; provided, however, that Tenant shall substitute and install in the Leased Premises other equipment having equal or greater utility (but not necessarily the same function) in the

operation of the Leased Premises, and provided further that such removal and substitution shall not impair the operations of the Leased Premises. All such substitute equipment shall remain in the Facility and be considered Tenant's Equipment in accordance with Section 7.2.

ARTICLE VIII INSURANCE

8.1 **General Requirements.** Tenant shall, at its own cost and expense, maintain in full force and effect throughout the Lease Term property and liability insurance for the entire Leased Premises, including the Real Property as commercially reasonably maintained by similar facilities and as determined by the Landlord in its sole discretion. All insurance shall name Landlord and the holder of any mortgages encumbering the Leased Premises as additional insureds thereunder. Additionally, for so long as the Leased Premises are encumbered by a mortgage held by an institutional lender, Tenant shall maintain such additional insurance, or increase the coverage amounts of the insurance required hereunder, as may be required by Landlord's mortgagee(s) in the exercise of commercially reasonable judgment. Certificates of insurance evidencing such coverage shall be delivered to Landlord prior to the Commencement Date and annually thereafter prior to expiration of the then-current policy terms. Failure of Tenant to provide such certificates or Landlord to demand such certificates shall not act as a waiver of any insurance requirement.

8.2 Landlord and Tenant, on their own behalf and on behalf of anyone claiming under or through either one by way of subrogation or otherwise, hereby release and waive all rights of recovery and causes of action against each other from any and all liability for any loss or damage to property or resulting from damage to such property (and, in either case, any resulting loss of business or rental income), whether caused by the negligence or fault of the other party, which is normally insured under Special Form property insurance required to be maintained hereunder or otherwise insured by the waiving party.

ARTICLE IX DAMAGE, DESTRUCTION AND CONDEMNATION

9.1 **Damage or Destruction.**

9.1.1 Tenant shall give prompt notice to Landlord of any damage to the Leased Premises by fire or other casualty. In the event that the casualty materially affects the Real Property, and if neither Landlord nor Tenant elect to terminate this Lease as provided in this Article X, Tenant shall proceed with reasonable diligence and at its sole cost and expense to restore the structure to the condition existing immediately prior to such fire or other casualty. The Tenant shall be responsible for the replacement of all fixtures and equipment in accordance with Article 7.

9.1.2 In the event that in the opinion of an independent licensed architect designated by Tenant (and reasonably acceptable to Landlord), the required repairs and restoration to the Premises cannot be completed as required herein within two hundred seventy (270) days after the date of destruction (which period shall not be extended by reason of *force majeure*) then the Landlord and the Tenant shall have the right to terminate this Lease.

9.1.3 In the event that (i) the required repairs and restoration to the Premises are estimated to take less than 270 days but are not completed by Tenant as required herein within a

reasonable time (which period shall not be extended by reason of force majeure); or (ii) the required repairs are estimated to take longer than 270 days and Tenant does not elect to terminate this Lease, but thereafter fails to complete such repairs within the time period estimated for repair by such independent licensed architect, then in any such event Landlord shall have the right, in its sole discretion, to terminate this Lease as of the date such damage or destruction.

9.1.4 If the Premises are substantially destroyed by fire or other casualty during the last twelve (12) months of the Term to the extent that more than twenty-five (25%) percent of the floor area of the Facility is unusable, Landlord and Tenant shall each have the right to terminate this Lease as of the date of such damage or destruction by giving notice to the other within thirty (30) days following such damage or destruction.

9.1.5 If the Premises are damaged in excess of twenty-five (25%) of the floor area, all Rent payable hereunder shall abate in proportion to the degree in which Tenant's use of the Premises is impaired during the period of such restoration and shall be reinstated upon the completion of the repairs required hereunder. In the event that more than fifty (50%) percent of the floor area is unusable, the Tenant shall not be required to pay any rent until such time as the necessary repairs are completed.

9.1.6 Notwithstanding anything contained herein, Landlord recognizes that the nature of Tenant's intended use of the Premises requires that Tenant be able to conduct its business twenty-four (24) hours a day, three-hundred sixty-five (365) days per year. Accordingly, Landlord expressly agrees that in the event of a casualty which results in Tenant's relocating any of its residents to other facilities, Tenant shall have the right to either: (i) terminate this Lease at any time after such relocation; or (ii) not accept possession of the Premises following Landlord's restoration thereof, and in either such case the Lease shall be deemed terminated as of the date of such casualty.

9.2 Condemnation

9.2.1 If the entire Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, this Lease shall terminate as of the date of the vesting or acquisition of title in the condemning authority with the same effect as if said date were the Expiration Date. In the event that: (i) any portion of the Premises shall be taken so that it is not feasible for Tenant to conduct its normal business in the Premises, or (ii) there occurs a denial of adequate access to the Premises, whether or not a taking of the Facility itself shall have occurred, then in either case Tenant shall have the right to terminate this Lease by giving at least thirty days' notice to Landlord, which shall be given, if at all, within sixty (60) days of Landlord's notice to Tenant of any such taking, and this Lease shall terminate without any further liability on the part of either Landlord or Tenant, except for an adjustment between the parties for the Rent payable by Tenant hereunder and for payment to Tenant of its share of the award for the taking pursuant to Section 9.2.3 below. Landlord shall give written notice to Tenant of any condemnation or threatened condemnation of the Premises within twenty (20) days after Landlord's receipt of any notice thereof.

9.2.2. If this Lease is not terminated as aforesaid then Landlord shall, with all due diligence, restore the Premises to as nearly the same condition as possible as existed before the taking in accordance with Section 10.1.1. During the period of such repairs and restoration, all Rent shall abate to the extent that the Premises may not be used by Tenant for the normal conduct of its business,

and shall re-commence twenty (20) days after completion of Landlord's repair and restoration obligations as required by this Article X. In the event that the taking results in a reduction of the number of beds allowed to be operated in the Facility by more than twenty five (25%) percent, the Rent shall be reduced in proportion to such reduction.

9.2.3. In connection with any taking or partial taking of the Premises, Tenant shall be entitled to claim an award for loss of business (provided same does not reduce the award otherwise payable to Landlord), relocation expenses, leasehold improvements, fixtures and equipment and removal and reinstallation costs. (The above applies even if there are proceeds of business interruption insurance to which Tenant shall be solely entitled). The proceeds of any other condemnation award shall be the property of Landlord, and Tenant hereby assigns all of its interest in any such award to Landlord.

ARTICLE X SURRENDER OF POSSESSION

10.1 **Surrender**. Upon the expiration or termination of the final Lease Term, howsoever effected, Tenant shall forthwith surrender the Leased Premises to Landlord or Landlord's designee, free and clear of all claims, liens, security interests and other encumbrances (except Permitted Encumbrances and other encumbrances approved in writing by Landlord during the Lease Term) and in as good working order and condition as on the Commencement Date, ordinary wear and tear excepted. Landlord's Equipment and all inventory acquired by Tenant during the Lease term and on hand as of the date of expiration or termination shall also be surrendered to Landlord and all equipment and inventory surrendered shall have an aggregate functional capability at least equal to the aggregate functional capability of the equipment and inventory existing at the Facility as of the Commencement Date. At the expiration of the final Lease Term or upon any sooner termination of this Lease, or upon Landlord's rightful reentry onto the Premises, Tenant shall surrender the Premises to Landlord "broom clean" and in good working order, condition and repair, except for ordinary wear and tear and damage by casualty or condemnation. Tenant shall cooperate fully with the transfer of operations to any new tenant including, without limiting the generality of the foregoing, the transfer of information on resident accounts and contracts. In no event may the Tenant seek to change the number of licensed beds at the Leased Premises or move any part of its nursing home operation to another location without the express written consent of Landlord, which consent may be withheld with or without cause in Landlord's sole discretion.

10.2. **Holdovers**. If the Premises are not surrendered upon the Expiration Date or sooner termination of this Lease, such holding over shall not be deemed to extend the term or renew this Lease, but in such case, Tenant shall pay Rent equal to one hundred and ten percent (110%) of the monthly installment of Rent payable during the last month of the Term, and all Additional Rent shall continue to accrue as provided in this Lease

ARTICLE XI DEFAULT AND LEASE TERMINATION

11.1 **Events of Default of Tenant.** Each of the following acts, omissions or occurrences shall constitute an "Event of Default of Tenant" hereunder:

- A. Failure by Tenant to pay or cause to be paid, within three (3) business days of the date required, rent specified to be paid under Section 2.1 hereof or any other monetary amount due to Landlord;
- B. The vacating of the Leased Premises by Tenant;
- C. Failure of Tenant to observe and perform any covenant, condition or agreement of Tenant under this Lease, other than a breach addressed in Section 12.1(A) above, within ten days (10) after the date Tenant receives written notice of such failure of performance, or, with respect to failures of performance not susceptible of cure within ten (10) days upon approval in writing by the Landlord, the failure of Tenant to thereafter diligently prosecute same to completion and/or cure the same within sixty (60) days;
- D. A default in the observance or performance of any of Tenant's covenants or obligations under this Lease shall include without limitation: (A) the revocation or nonrenewal of any license or certificate required to operate the nursing facility or any other use permitted under this Lease; (B) the involuntary termination of any Medicare or Medicaid provider agreement; (C) the conviction of any person having a 5% or more ownership interest in Tenant of any criminal offense related to federal health care programs; (D) the exclusion of any person having a 5% or more ownership interest in Tenant from direct and/or indirect participation in either the Medicare or Medicaid Programs, including any State program; (E) a final substantiated determination by any authorized government agency or a conviction of Tenant or any person having a 5% or more ownership interest in Tenant for resident abuse, neglect, or exploitation.
- E. Tenant shall make a transfer in fraud to creditors or shall make an assignment for the benefit of creditors or Tenant shall file a petition under any section or chapter of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof, or Tenant shall be adjudged bankrupt or insolvent in proceeding filed against Tenant thereunder or the filing or execution or occurrence (or contemplation thereof) of any of following: (i) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets or of Tenant's leasehold estate in the Leased Premises; or (ii) the judicial seizure of substantially all of Tenant's assets or Tenant's leasehold estate in the Leased Premises;
- F. Any representation or warranty of Tenant is breached or is false or misleading in any material respect when made or which becomes false during the pendency of this Lease;

- G. Any sublease, transfer of membership interest in Tenant, assignment of this lease, and/or any party filing for a licensure change of ownership.
- H. The entry of any judgment against Tenant which is in excess of its insurance coverage or in the event any claim is made against the Tenant which is not covered by its insurance for any reason or if any of the foregoing is reasonably likely to occur.

11.2 **Remedies of Landlord.** Upon the occurrence and continuance of any Events of Default of Tenant specified in the foregoing Section 11.1. Landlord shall have the option to pursue any one or a combination of the following remedies without any notice to or demand upon Tenant whatsoever:

- A. Terminate this Lease, in which event Tenant shall immediately surrender the Leased Premises to Landlord and cooperate in any requested operation transfer as required by this Agreement, and if Tenant fails to surrender the Leased Premises and otherwise cooperate, Landlord may, without prejudice to any other remedy which Landlord may have, expel or remove Tenant and any other person who may be occupying the Leased Premises, or any part thereof, at Tenant's expense. In such event Landlord may, in addition to the foregoing, seek such other damages and remedies as are available at law or in equity for Tenant's breach of this Lease.
- B. Enter upon and take possession of the Leased Premises and expel or remove Tenant and any other person who may be occupying Leased Premises, at Tenant's expense, or any part thereof, at Tenant's expense, without terminating this Lease, and exercise reasonable efforts to re-let the Leased Promises, as Tenant's agent, at the highest rent then obtainable and receive the rent therefor; and Tenant covenants and agrees to pay Landlord on demand any cost or expense incurred by Landlord in connection with re-letting the Leased Premises and any deficiency in Rent that may arise by reason of such re-letting. In no event shall Tenant be entitled to any profit made from any re-let or be relieved of any obligation to make rent payments in the event the party re-letting fails to do so.
- C. Enter upon the Leased Premises and, at Tenant's expense, take such actions as may be required of Tenant to cure the complained of default; and Tenant covenants and agrees to reimburse Landlord on demand for any expense, direct or indirect, which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease.
- D. Pursuit of any of the foregoing remedies shall not preclude pursuit of any other foregoing remedies or of the other remedies herein provided or any other remedies provided at law or in equity, nor shall pursuit of any remedy herein

provided constitute a forfeiture or waiver of any Rent or other amounts due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions or covenants herein contained. No waiver by Landlord of any violation or breach of any of the terms, provisions or covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions or covenants herein contained. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an Event of Default of Tenant shall not be deemed or construed to constitute a waiver of such default.

- E. In the case of any Event of Default Landlord, shall have the right, at its option, in addition to and not in limitation of any other right or remedy, to terminate this Lease by giving Tenant forty-five (45) days' notice of termination and upon the expiration of said forty-five (45) days, this Lease and the Term shall cease and terminate as fully and completely as if the date of expiration of such forty-five (45) day period were the last day of the Term; and, Landlord shall have the immediate right of possession, and Tenant and all other occupants shall quit and surrender the Premises to Landlord, but Tenant shall remain liable as provided herein. Notwithstanding the provisions of this subsection E, Landlord's termination of this Lease shall not be effective until Landlord has entered into a lease with a new tenant that has been approved by the required licensing authority to operate in place of Tenant and Tenant shall cooperate fully with the transfer of operations to any new tenant including, without limiting the generality of the foregoing, the transfer of any Medicare or Medicaid Provider Agreement without charge. In no event may the Tenant seek to change the number of licensed beds at the Leased Premises or move any part of its nursing home or other operations at the Facility to another location without the express written consent of Landlord, which consent may be withheld with or without cause in Landlord's sole discretion.
- F. If due to an Event of Default the Leased Term shall end before the Expiration Date, or if Tenant shall be dispossessed or removed therefrom by summary proceedings, then Landlord shall use commercially reasonable efforts to relet the Premises and mitigate its damages, for a term or terms which may, at Landlord's option, be less than or exceed the period of the remainder of the Term, and at such rent or rentals and upon such other conditions as Landlord, in its commercially reasonable discretion, shall determine. Landlord shall receive the rents from such reletting and shall apply the same first, to the payment of such reasonable expenses as Landlord may have incurred in connection with dispossessing Tenant and reletting the Premises; second, to the payment of any indebtedness other than rents, charges and other sums due hereunder from Tenant to Landlord; and the residue, if any, shall be applied to the fulfillment of the terms, covenants and conditions of Tenant hereunder. Tenant hereby waives all claims to the surplus, if any, of such reletting, but Landlord shall hold any such surplus and apply it against future damages.

- G. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event that, as a result of any Event of Default, Tenant shall be evicted or dispossessed from the Premises or this Lease is terminated before the Expiration Date.

11.3 **Events of Default of Landlord.** Each of the following acts, omissions or occurrences shall constitute an "Event of Default of Landlord" hereunder:

- A. Failure of Landlord to observe and perform any material covenant, condition or agreement of Landlord under this Lease within ten days (10) after the date Landlord receives written notice of such failure of performance, or, with respect to failure of performance not susceptible of cure within ten (10) days upon approval in writing by the Tenant, the failure of Landlord to commence a cure within said ten (10) day period and to thereafter diligently prosecute same to completion;
- B. Landlord shall make a transfer in fraud to creditors or shall make an assignment for the benefit of creditors or Landlord shall file a petition under any section or chapter of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof or Landlord shall be adjudged bankrupt or insolvent in proceedings filed against Landlord hereunder; or
- C. The filing or execution or occurrence (or contemplation thereof) of any of the following: (i) the appointment of a trustee or receiver to take possession of substantially all of Landlord's assets or of Landlord's leasehold estate in the Leased Premises; or (ii) the judicial seizure of substantially all of Landlord's assets or of Landlord's leasehold estate in the Leased Premises.

11.4 **Remedies of Tenant.** Upon the occurrence and continuance of any of the Events of Default of Landlord specified in the foregoing Section 11.3, Tenant shall have the option to Terminate this Lease, in which event Tenant shall surrender the Leased Premises to Landlord upon notice to Landlord without further remedy, except that in such event Tenant shall not be required to cooperate in any transfer.

Pursuit of any foregoing remedies shall not preclude pursuit of any of the other foregoing remedies or of the other remedies herein provided or any other remedies provided at law or in equity. No waiver by Tenant of any violation or breach of any of the terms, provisions or covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions or covenants herein contained. Forbearance by Tenant to enforce one or more of the remedies herein provided upon an Event of Default of Landlord shall not be deemed or construed to constitute a waiver of such default.

ARTICLE XII LIABILITIES AND INDEMNIFICATION

12.1 **Liabilities.** It being understood that Landlord is simultaneously purchasing and leasing the Leased Premises, Tenant shall assume any and all obligations or liabilities of the Landlord and the Facility which Landlord is required to perform pursuant to any purchase and sale agreement with the previous owner. This responsibility shall not inure to the benefit of third parties.

12.2 **Indemnification.** Tenant agrees to and does hereby indemnify and hold the Landlord, its officers, directors, agents, employees and lenders harmless from and against any claims, demands, causes of action, liability, loss, damage, deficiency, cost or expense (including, without limitation, reasonable attorney's fees and associated costs and expenses) resulting from the acts or omissions of Tenant and Tenant's employees, agents, independent contractors, guests, invitees or any other persons or thing in respect of the Facility or caused in whole or in part by breach of this Agreement. Tenant further agrees to and does hereby indemnify and hold the Landlord, its officers, directors, agents, employees and Lenders harmless from and against any liability, loss, damage, deficiency, cost or expense (including, without limitation, reasonable attorney's fees and associated costs and expenses) resulting from any misrepresentation, breach of warranty or non-fulfillment of any agreement, representation, warranty or condition by or on the part of Tenant under this Lease, or from any liability asserted against Landlord, its officers, directors, agents, employees and Lenders in any way relating to the Tenant or to the Facility except those liabilities specifically assumed herein by Landlord.

ARTICLE XIII ACCESS TO RECORDS AND REPORTING REQUIREMENTS OF TENANT

13.1 **Access.** The Landlord shall have access to records of the Tenant, which are determined by Landlord to be reasonably necessary for the Landlord to be able to ensure that the Tenant is complying with the terms and conditions set forth herein, including financial statements, remittance advice statements from payors, and billing records. Notwithstanding the foregoing, Landlord shall have no obligation to check such records or liability to anyone in the world with regard to such records.

13.2 **Reporting Requirements of Tenant.** Tenant shall keep true books of record and account in which full, true and correct entries in accordance with GAAP consistently applied will be made of all dealings or transactions in relation to its business and activities, and an authorized member of Tenant shall furnish to Landlord:

- (i) as soon as possible and in any event within three (3) days after the occurrence of an Event of Default or any event which, with the giving of notice, lapse of time, or both, would constitute an Event of Default, and if requested by Landlord, a statement of an authorized member of Tenant setting forth details of such Event of Default or event and the action which Tenant has taken or proposes to take to cure the same;
- (ii) the reasonable financial reports requested by the Landlord at the end of each quarter and fiscal year, including the Tenant's Federal and State tax returns.
- (iii) at Landlord's request, a schedule showing the accounts receivable aging delivered to Landlord within thirty (30) days after the end of each month;

- (iv) within fifteen (15) days of Landlord's request, a copy of the most recent annual or biannual survey report and any statement of deficiencies with plans of correction attached thereto;
- (v) immediately after notice to Tenant of the commencement thereof, notice, in writing, of any action, suit, arbitration or other proceeding instituted, commenced or threatened against or affecting the Tenant with an amount in controversy in excess of \$100,000;
- (vi) such other information respecting the condition or operations, financial or otherwise, of Tenant as Landlord may from time to time reasonably request, including, without limitation, annual public aid rate updates, monthly accounts receivable aging reports, survey reports and plans of correction, and budget and cash flow projections.

ARTICLE XIV MISCELLANEOUS PROVISIONS

14.1 **Additional Assurances.** The provisions of this Lease shall be self-operative and shall not require further agreement by the parties except as may be provided herein to the contrary; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as may reasonably be necessary to effectuate this Lease.

14.2 **Notice.** Any notice, demand or communication required, permitted or desired to be given hereunder shall be deemed effectively given when personally delivered, delivered by prepaid certified mail, return receipt requested or delivered by a nationally recognized overnight delivery service (e.g. Federal Express or Airborne), addressed to the addresses set forth in the preamble to this Lease, or, to such other address, and to the attention of such other person or officer as any party may designate, with copies thereof to the respective counsel thereof as notified by such party. Notice may also be given by email if the receiving party acknowledges receipt thereof.

14.3 **Waiver/Remedies Cumulative.** Any failure or delay by Landlord to exercise any right or remedy under this Lease shall not be deemed a waiver of such right or remedy, and no right or remedy of Landlord shall be deemed to be waived unless expressly waived in writing by Landlord. The waiver of any right or remedy by Landlord hereunder shall not constitute or operate as a waiver of any future similar right or remedy. All rights, powers, options, elections and remedies of Landlord herein contained shall be construed as cumulative and no one of them as exclusive of any other or exclusive of any rights or remedies as are or shall be allowed Landlord at law or in equity.

14.4 **Severability.** In the event any provision of this Lease is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Lease, which shall be and remain in full force and effect, enforceable in accordance with its terms.

14.5 **Post Commencement Date Access to Information.** Post-Commencement Date access to Information. Tenant acknowledges that subsequent to the Commencement Date Landlord may need access to information or documents in the control or possession of Tenant for legitimate purposes. Accordingly, Tenant agrees that subsequent to the Commencement Date Tenant will make available to Landlord's agents, independent auditors and/or governmental agencies such documents

and information in respect of the Leased Premises to the extent necessary to facilitate audits, compliance with governmental requirements and regulations and the prosecution or defense of claims or for other legitimate purposes. The parties hereto agree that Tenant shall maintain resident records and other records of the Facility.

14.6 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent, partnership or joint venture or of any association between Landlord and Tenant, and no provision contained in this Lease or any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant. In addition, notwithstanding anything herein to the contrary, nothing herein is intended for the benefit of any third parties and no person or entity due Landlord or Tenant or their successors or assigns shall have any rights of anything contained herein.

14.7 **Revenues.** During the Lease Term, all revenues and income derived from the operation of the Facility shall be the property of Tenant.

14.8 **Choice of Law and Venue.** The parties agree that this Lease shall be governed by and construed in accordance with the laws of the State of New Jersey (not including any conflict of law principles), and that the courts of such state (including the federal courts) shall be the exclusive courts of jurisdiction and venue for any litigation, special proceeding or other proceeding as between the parties that may be brought, or arise out of, in connection with or by reason of this lease.

14.9 **Gender, Number, Headings.** Whenever the context of this Lease requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural. The divisions of this Lease and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Lease.

14.10 **Amendment.** No changes in or amendments to this Lease shall be recognized unless and until made in writing and signed by all parties hereto or their respective successors and assigns. This Lease may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. This Lease amends and supersedes any and all prior leases between Landlord and Tenant.

14.11 **Binding Effect.** The terms of this Lease shall be binding upon, and shall inure to the benefit of and be enforceable by and against, the heirs, successors and assigns of the parties hereto.

14.12 **Licensure and Right to Operate.** Notwithstanding any other provision of this Lease, it is understood and agreed that, upon the termination or expiration of this Lease, the rights and privileges regarding the operation of the Facility, including, but not limited to, any licenses, certifications, and certificates of need for the Facility, shall revert to, and become vested in Landlord or its designee to the extent permitted by law. Tenant hereby represents, warrants, agrees and covenants that it shall execute any and all documents and do all other things necessary to transfer, assign and convey to the Landlord or its designee any and all licenses, certifications, certificates of need and any and all other rights and privileges regarding the Facility, to be effective upon the termination or expiration of the Lease, including any actions required prior to the termination of this

Lease. Landlord and Tenant agree and acknowledge that this paragraph of the Lease may be cited to any regulatory agency or governmental body as evidence and confirmation of the parties' mutual intent that the Landlord or its designee shall have, hold, retain or succeed to any licenses, certifications, certificates of need, certificates of compliance and all rights and privileges regarding the Facility, from and after the date on which this Lease expires or is terminated. In the event that at any time during the term thereof an application is made for the appointment of a receiver or master to operate the Facility, Tenant shall cooperate in all respects and make all possible requests, demands and/or take any necessary legal action to ensure the appointment of Landlord or its designee as receiver or master. In the event this Lease expires or is terminated for any reason, Landlord shall have the right to apply for the transfer of the any and all of Tenant's licenses, certificates or permits required to operate any of its businesses at the Premises to Landlord or its designee and, provided that Landlord in good faith applies for, and diligently pursues the transfer of the Licenses to Landlord or its designee, then Tenant shall cooperate with such application by Landlord. Tenant shall cooperate fully with all such transfers of operations including, without limiting the generality of the foregoing, the transfer of any Medicare or Medicaid Provider Agreement without charge. In no event may the Tenant seek to change the number of licensed beds at the Leased Premises or move any part of its operations to another location without the express written consent of Landlord, which consent may be withheld with or without cause in Landlord's sole discretion. Tenant hereby grants to Landlord an irrevocable Power of Attorney with Interest Attached to, on behalf of Tenant, submit or file any and all documents or pleadings required to assure the orderly transfer of any and all of Tenant's licenses, certificates or permits under this subsection 14.12. Nothing in this subsection 14.12 shall be construed to preclude Tenant from establishing similar businesses in New Jersey under separate licenses, permits or certificates at any other location after the end of the Lease Term or to preclude Tenant after the termination of the Lease, if Landlord does not timely apply for the transfer of Tenant's related license, certificates or permits, from relocating that portion or, as applicable, all of Tenant's businesses at the Premises to a new location, retaining as permitted by law such license(s), certificate(s) or permit(s), without any compensation to Landlord in connection therewith.

14.13 **Subordination.** This Lease shall be subordinate to any current or future mortgage placed on the Real Property by the Landlord which subordination shall be self-effective without any additional consent of the Tenant. The Tenant hereby agrees that upon request of the Landlord it will execute and deliver any subordination document requested by the Landlord to evidence the subordination of this Lease. To the extent that the Leased Premises is subject to any mortgage, or if the Tenant has obtained a Line of Credit for its business operations from a commercial lender, then this Lease may not be terminated without the consent of the lender unless a new Lease has been entered into between the parties.

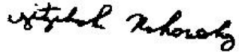
14.14 **Facility Administrator.** Tenant acknowledges that the Facility Administrator is licensed by the State and responsible for the management of the Facility. The individual signing for Tenant is not signing in an individual capacity and it is the intent of the Tenant for the Facility Administrator to ratify this Lease Agreement on behalf of the Tenant as soon as practical, and such Ratification shall be attached to this Lease Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date set forth above.

LANDLORD

FOUNTAIN PROPERTY LLC

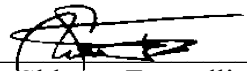
By: 

Name: Yitzchok Rokowsky

Title: Managing Director

TENANT

FOUNTAIN OPERATOR LLC

By: 

Name: Shlomo Freundlich

Title: Authorized Representative