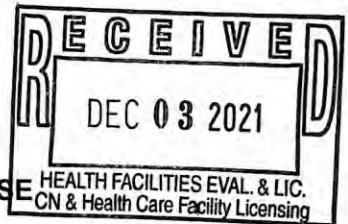


New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
PO Box 358
Trenton, NJ 08625-0358



APPLICATION FOR A LONG TERM CARE FACILITY LICENSE

Type of Application: <input type="checkbox"/> New – CN#: _____ <input type="checkbox"/> New – No CN Required, ID#: _____ <input checked="" type="checkbox"/> Transfer of Ownership #: 061621 <input type="checkbox"/> Other: _____	Date of Application: Check/Money Order No.:	Date of Check/Money Order: Amount of Check/MO: \$
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------	---------------------------------------------------------------------------

Official Name of Facility (Provider Name): Lakeland Nursing & Rehab			EIN Number: [REDACTED]	
Site Address: 25 Fifth Avenue				
City: Haskell		State: NJ	Zip: 07420	County: Passaic
Telephone Number: 973-839-6000		Fax Number: 973-839-9153		Email Address: barrym@preferredcarehc.com
Name of Administrator: Joseph Mandel			License Number (LNHA/CALA if applicable): 3294	
Emergency Contact: Boruch Mermelstein				
Emergency Telephone: [REDACTED]		Emergency Fax Number:		Emergency Email Address: barrym@preferredcarehc.com
Mailing Address (if different from above):				
City:		State:	Zip:	County:
Owner/Corporate Name (LICENSED OPERATOR): Lakeland Operator, LLC			EIN Number: [REDACTED]	
Doing Business As (if applicable):				
Address: 15 America Avenue, Suite 210				
City: Lakewood		State: NJ	Zip: 08701	County: Ocean
Telephone Number: 732-966-6741		Fax Number:		Email Address: barrym@preferredcarehc.com
Management Company (if applicable): N/A				
Address:				
City:		State:	Zip:	County:
Telephone Number:		Fax Number:		Email Address:
Contact:			Title:	

APPLICATION FOR A LONG TERM CARE FACILITY LICENSE, Continued

Official Name of Facility (Provider Name): Lakeland Nursing & Rehab		EIN Number: <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 2px;"></div>
Primary Type of Facility (check one)		
<input type="checkbox"/> Adult Day Health Services <input type="checkbox"/> Alternate Family Care <input type="checkbox"/> Assisted Living Program <input type="checkbox"/> Assisted Living Residence <input type="checkbox"/> Comprehensive Personal Care Home	<input type="checkbox"/> Hospital Based Subacute <input type="checkbox"/> Pediatric Day Health Services <input type="checkbox"/> Residential Health Care Facility <input type="checkbox"/> Other: _____	<input type="checkbox"/> Long-Term Care T18 only <input type="checkbox"/> Long-Term Care T19 only <input checked="" type="checkbox"/> Long-Term Care T18/19 <input type="checkbox"/> Long-Term Care Private
Enter the Quantity of all Beds/Slots at this Location		
Adult Day Health Service Slots	Long-Term Care Beds 201	
Assisted Living Beds	Pediatric Day Health Slots	
Comprehensive Personal Care Beds	Residential Health Care Beds	
Hospital Based Subacute	Other/Type:	
Type of Ownership (check one)		
For-Profit <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Non-Profit <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Facility is Hospital Based <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Government Owned <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<input type="checkbox"/> *Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other(specify): _____	<input type="checkbox"/> Proprietorship <input type="checkbox"/> Limited Partnership	<input checked="" type="checkbox"/> Limited Liability Corp. <input type="checkbox"/> Religious Affiliation
<input type="checkbox"/> Federal <input type="checkbox"/> City <input type="checkbox"/> State <input type="checkbox"/> City/County <input type="checkbox"/> County <input type="checkbox"/> Hospital District		
<i>*If the corporate entity is a wholly-owned subsidiary, identify the parent corporation below:</i>		
Name: _____		
Address: _____		
City, State, Zip Code: _____		
Building Ownership (check one)		
<input type="checkbox"/> Wholly owned by licensed operator identified on page one		
<input checked="" type="checkbox"/> Leased (Identify owner of physical assets and submit a copy of the signed lease)		
Lakeland Realty SNF, LLC		
Name and Title of Individual or Current Registered Agent Upon Whom Orders May Be Served (Must be NJ Resident)		
Name: Vcorp Services, LLC		
Address: 820 Bear Tavern Road		
City, State, Zip Code: West Trenton, New Jersey 08628		

APPLICATION FOR A LONG TERM CARE FACILITY LICENSE, Continued

Official Name of Facility (Provider Name): Lakeland Nursing & Rehab	EIN Number: <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 2px;"></div>
-------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------

OWNER, OFFICERS, PARTNERS, STOCKHOLDERS, OR CORPORATE OFFICERS

- IDENTIFY 100% OF THE OWNERSHIP BELOW. (Attach additional sheets if necessary.)
- For a publicly-held corporation, identify all stockholders with 10% or more of the outstanding stock.
- If an owner, partner or shareholder is an entity, rather than an individual, provide the individual ownership of that entity as well.
- For Non-Profit entities, list Board Members.

Name: <u>see attached page</u> Title: _____ Address: _____ City: _____ State: _____ Zip Code: _____ SSN/Tax ID: _____ % Ownership: _____ <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div><input type="checkbox"/> Proprietor</div> <div><input type="checkbox"/> Limited Partner</div> <div><input type="checkbox"/> Stockholder</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 2px;"> <div><input type="checkbox"/> Partner</div> <div><input type="checkbox"/> General Partner</div> <div><input type="checkbox"/> Corporate Officer</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 2px;"> <div></div> <div><input type="checkbox"/> LLC-Member</div> <div></div> </div>	Name: _____ Title: _____ Address: _____ City: _____ State: _____ Zip Code: _____ SSN/Tax ID: _____ % Ownership: _____ <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div><input type="checkbox"/> Proprietor</div> <div><input type="checkbox"/> Limited Partner</div> <div><input type="checkbox"/> Stockholder</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 2px;"> <div><input type="checkbox"/> Partner</div> <div><input type="checkbox"/> General Partner</div> <div><input type="checkbox"/> Corporate Officer</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 2px;"> <div></div> <div><input type="checkbox"/> LLC-Member</div> <div></div> </div>
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APPLICATION FOR A LONG TERM CARE FACILITY LICENSE, Continued

Official Name of Facility (Provider Name): Lakeland Nursing & Rehab			EIN Number: <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 5px;"></div>		
Please indicate whether or not your facility offers the following:					
	Yes	No	No. of Beds		
Separate Units for Young Adults (Ages 21 through 64):	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Chronic Dialysis:	Yes No
Pediatrics:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Performed by In-House Staff:	
Ventilator:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Peritoneal:	<input type="checkbox"/> <input checked="" type="checkbox"/>
Behavioral Management:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Hemodialysis:	<input type="checkbox"/> <input checked="" type="checkbox"/>
Private Long Term Care:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Performed by Outside Firm:	
Alzheimer's/Dementia:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Peritoneal:	<input type="checkbox"/> <input checked="" type="checkbox"/>
IV Therapy:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	-Hemodialysis:	<input type="checkbox"/> <input checked="" type="checkbox"/>
Assisted Living Programs and Alternate Family Care, list counties served from office site listed on page one:					
Please answer the following questions. (Attach additional sheets if necessary.)					
1. Have you or any person mentioned in this application ever had an interest, directly or indirectly, in any application for health care facility in New Jersey or any other state, which was denied or revoked? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, indicate whom and give details (attach additional sheets if necessary): <div style="border-bottom: 1px solid black; height: 1.2em; margin-top: 5px;"></div>					
2. Do any of the principals have ownership, management or operational interest in any other licensed health care facility in New Jersey, or any other state? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, indicate whom and give details (attach additional sheets if necessary): See related ownership page <div style="border-bottom: 1px solid black; height: 1.2em; margin-top: 5px;"></div>					
3. Are you related to any person who now operates or has ever operated a health care facility in New Jersey or elsewhere? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, indicate whom and give details (attach additional sheets if necessary): <div style="border-bottom: 1px solid black; height: 1.2em; margin-top: 5px;"></div>					
4. Have any principals, owners, operators or managers of the facility ever been found guilty of a criminal or administrative charge of resident/patient fraud, abuse and/or neglect? Have any of these ever been indicted for the same charge? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, indicate whom and give details (attach additional sheets if necessary): <div style="border-bottom: 1px solid black; height: 1.2em; margin-top: 5px;"></div>					
5. Have any principals, owners, operators or managers of the facility ever been indicted for or convicted of a felony crime? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, indicate whom and give details (attach additional sheets if necessary): <div style="border-bottom: 1px solid black; height: 1.2em; margin-top: 5px;"></div>					
CERTIFICATION					
The applicant certifies:					
1. that all information contained in this application and attachments is true and correct, to the best of his/her knowledge and belief, and that willful misrepresentation of these facts may make the applicant subject to civil penalties;					
2. that the application been duly authorized by the governing body of the applicant; and					
3) that the facility has been and will be operated in accordance with applicable licensing requirements.					
Name of Authorized Individual Completing Application (Print or Type) Boruch Mermelstien				Title Member	
Signature				Date 11/26/21	

Project Narrative

This project involves a Transfer of Ownership of Lakeland Health Care Center (License #061621) from Lakeland Operations LLC to Lakeland Operator LLC. The facility is licensed to operate two hundred one (201) long term care beds and is located at:

25 Fifth Avenue
Haskell, New Jersey 07420
Passaic County

CURRENT OWNERSHIP

The licensed operator of Lakeland Health Care Center is Lakeland Operations LLC which is owned by Aryeh Stern.

PROPOSED OWNERSHIP

Upon completion of this transaction, the facility will be licensed to Lakeland Operator LLC, which is a wholly owned subsidiary of Lakeland Operator Holdco LLC. A detailed organizational chart and a list of the ownership structure of Lakeland Operator LLC is included in the attachments.

The transaction will be completed immediately of approval by the Department.

Related Ownership

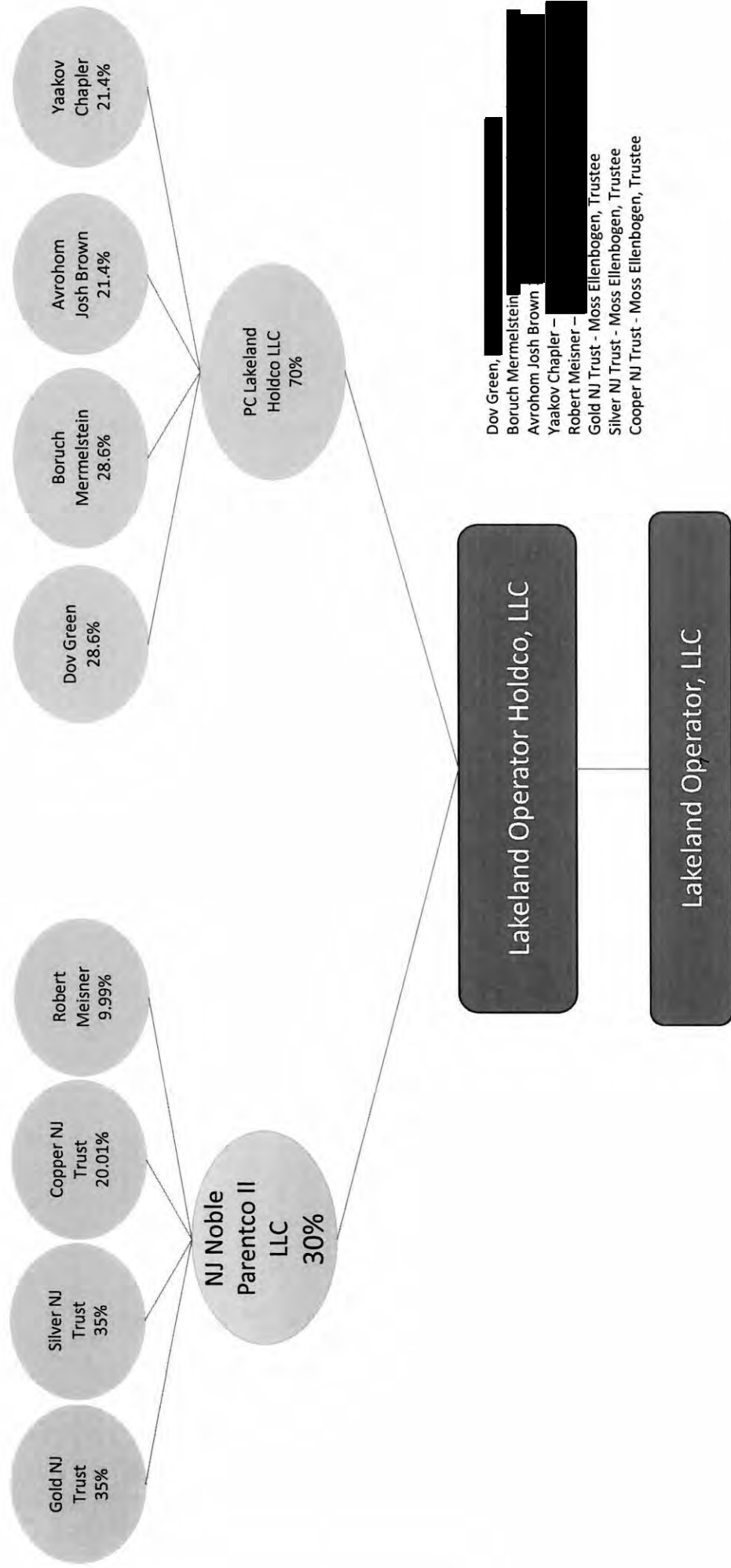
The members of Lakeland Operator LLC have an ownership interest in the New Jersey and out-of-state facilities listed in the attachments. All facilities owned, operated or managed by the members of Lakeland Operator LLC are included and they do not own, operate or manage any other health care facilities in New Jersey or any other state.

Lakeland Health Care Center

Current Org Chart



Lakeland Opco Proposed Structure



Lakeland Operator LLC
15 America Avenue, Suite 210
Lakewood, New Jersey 08701

I attest that Lakeland Operator LLC will own, operate and manage the facility/ facilities named below in accordance with applicable regulations. I have read, understand, and will comply with the requirements set forth in New Jersey Administrative Code (N.J.A.C.) 8:39 Standards for Licensure of Long-Term Care Facilities , including those incorporated by reference, as well as all other applicable State and Federal requirements.

I attest that Lakeland Operator LLC understands its responsibility as a licensee is to adhere to the applicable regulations since Lakeland Operator LLC will be held accountable for compliance with all requirements, both operational and physical plant, as applicable.

I further attest that:

- All information contained in the application and any attachments submitted, are true and correct, to the best of my knowledge and belief, and that willful misrepresentations of these facts may make the Applicant subject to civil penalties including denial of the pending application or revocation of any license that may be issued.
- The application has been duly authorized by the governing body of the Applicant.
- The Applicant is not suspended, debarred, or otherwise excluded for any reason from entering into the covered transaction.

NAME OF FACILITY: Lakeland Nursing & Rehab

Name of Applicant/ Proposed Licensee: Lakeland Operator LLC

Applicant/ Proposed Licensee: Boruch Mermelstein, Member

Applicant/ Proposed Licensee or Authorized Representative's Signature:


Boruch Mermelstein

Date:

Lakeland Operator LLC
15 America Avenue, Suite 210
Lakewood, New Jersey 08701

I attest that I am an authorized representative of Lakeland Operator LLC and I have provided a complete list of the names and addresses of every facility or service similar to the services proposed in the submitted application, which is owned, operated or managed, in whole or in part, by Lakeland Operator LLC. I confirm that the records of these facilities have been and will continue to be monitored so that all State regulatory compliance issues, and Federal compliance, if applicable, have been and will be identified on a continuous basis.

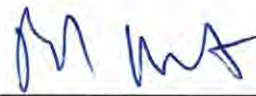
This will also serve as an attestation that for the track record period specified prior to the date of the submission of the pending application to the Department of Health to the present, that all out-of-state facilities or services similar to those proposed in the submitted application which are owned, operated or managed, in whole or in part, by Lakeland Operator LLC, which are not listed in the attached chart are in substantial compliance with applicable State licensure and Federal requirements, if applicable, in accordance with N.J.A.C. 8:33-4.10(d). This verifies that, except as listed on the attached chart, there are: a) no significant compliance issue(s), which is defined as a situation, condition or circumstance that may pose serious risks to life, safety or quality of care for patients, residents or clients; b) no citation or notice of deficiencies posing actual harm, or immediate or serious risk of harm; and c) no findings of a substandard quality of care leading to enforcement actions against the facility license.

I further attest that the attached chart only lists those facilities with significant compliance issues as defined above. I attest that the chart is accurate and complete, and contains the name of any facility with substantial compliance issues, during the time period specified prior to the date of the submission of the pending application to the present. I attest that the compliance issues identified in the chart have been corrected within time frames defined by the relevant jurisdiction.

Finally, I agree that this attestation will be updated every 60 days from the date below to the date of the final determination of the pending application. I understand it is the Applicant's responsibility to submit the updated attestation and chart, if compliance issues arise, every 60 days, and to continue to alert the Department of Health to any significant compliance issues until the final determination on the pending application.

Applicant/ Proposed Licensee: Lakeland Operator LLC

Applicant/ Proposed Licensee or Authorized Representative - signature: _____



Boruch Mermelstein

Date: 11/26/21

Date application submitted: November 30, 2021

Track Record Time Frame: November 30, 2020 – November 30, 2021

Total number of facilities owned, managed or operated by Applicant: 10

Total number of facilities owned, managed or operated out-of-state: 5

Total number of facilities listed on DOH Track Record form with non-compliance issues: 0

Related Ownership

Preferred Care at Old Bridge, LLC	6989 Rout 18	Old Bridge, NJ 08857
Preferred Care at Mercer	1201 Parkway Avenue	Ewing, NJ 08628
Preferred Care at Wall	2350 Hospital Road,	Allenwood, NJ 08720
Preferred Care at Absecon	1020 Pitney Road	Absecon, NJ 08201
Preferred Care at Hamilton	1501 NJ-33	Hamilton, NJ 08690
Carriage House Nursing & Rehab	2394 Midland Rd	Bay City, MI 48706
Potomac Valley Nursing & Wellness	1235 Potomac Road	Rockville, MD 20850
Allegra Nursing & Rehab	434 W North Street	Jackson, MI 49202
Aria Nursing & Rehab	707 Armstrong	Lansing, MI 48911
Avista Nursing & Rehab	2901 Galaxy Drive	Saginow, MI 48601

All facilities owned, operated or managed by the applicants are listed above. They do not have any other ownership New Jersey or any other state.

License No.	State	Facility Name	Facility Address	Survey Type and Date (Scope/event/for citations entered in next column)	463.10 Resident Rights	463.12 Freedom from Abuse/Neglect/Restraint	463.13 Admission, Transfer & Discharge Rights	463.20 Resident Assessment	463.21 Comprehensive Person-Centered Care Plan	463.24 Quality of Life	463.25 Quality of Care	463.30 Physician Services	463.35 Nursing Services	463.40 Behavioral Health Services	463.45 Pharmacy Services	463.55 Dental Services	463.60 Food & Nutrition Services	463.65 Specialized Rehab Services	463.70 Administration	463.75 QA & Performance Improvement	463.80 Infection Control	463.85 Compliance and Ethics Program	463.90 Physical Environment	463.95 Training Requirements	No. of Resident Hospitalizations which are a direct result of the event/deficiency which is reported in prior column(s)	No. of Resident Deaths which are a direct result of the event/deficiency which is reported in prior column(s)	Date Corrective Action Completed	Ultimate Outcome
If applicable Deficiencies																												
																		</										

CERTIFICATE OF FORMATION

OF

Lakeland Operator LLC

- FIRST:** The name of the limited liability company is Lakeland Operator LLC.
- SECOND:** The address of its registered office in the State of Delaware is 1013 Centre Road, Suite 403-B in the City of Wilmington, Delaware 19805, in the County of New Castle. The name of its registered agent at such address is Vcorp Services, LLC.
- THIRD:** Members may be admitted in accordance with the terms of the Operating Agreement of the limited liability company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on September 29, 2021.

/s/Laura Bohan
Laura Bohan, Authorized Person



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 09-27-2021

Employer Identification Number:
[REDACTED]

Form: SS-4

Number of this notice: CP 575 G

LAKELAND OPERATOR LLC
DOV GREEN SOLE MBR
15 AMERICA AVE SUITE 210
LAKEWOOD, NJ 08701

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN [REDACTED]. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

A limited liability company (LLC) may file Form 8832, *Entity Classification Election*, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, *Election by a Small Business Corporation*. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. **This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.** You may give a copy of this document to anyone asking for proof of your EIN.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is LAKE. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.

Lakeland

	Year 1		Year 2		Year 3	
Licensed beds	201		201		201	
Available Beds	73,365		73,365		73,365	
Days in Period	365		365		365	
Available Patient Days	73,365		73,365		73,365	
Average Daily Census	111		121		133	
Occupancy	55%		60%		66%	
Census		PPD		PPD		PPD
Medicaid Census	7,300	20.00	7,665	21.00	8,432	23.10
Managed Medicaid Census	25,550	70.00	28,105	77.00	30,916	84.70
Medicare Census	4,015	11.00	4,417	12.10	4,858	13.31
HMO Census	548	1.50	602	1.65	662	1.82
Private Census	1,825	5.00	2,008	5.50	2,208	6.05
Hospice Census	1,095	3.00	1,205	3.30	1,325	3.63
						-
Total	40,333	110.50	44,001	120.55	48,401	132.61
Net Patient Revenues						
Medicaid	\$ 1,778,426	243.62	\$ 1,867,347	243.62	\$ 2,054,082	243.62
Managed Medicaid	\$ 6,224,491	243.62	\$ 6,846,940	243.62	\$ 7,531,634	243.62
Medicare	\$ 2,730,200	680.00	\$ 3,091,550	700.00	\$ 3,400,705	700.00
HMO	\$ 273,750	500.00	\$ 301,125	500.00	\$ 331,238	500.00
Private	\$ 547,500	300.00	\$ 602,250	300.00	\$ 662,475	300.00
Hospice	\$ 266,764	243.62	\$ 293,440	243.62	\$ 322,784	243.62
Optum	\$ 25,550	1.00	\$ 28,105	1.00	\$ 30,916	1.00
Part B	\$ 144,000	3.57	\$ 144,000	3.27	\$ 144,000	2.98
Total Net Revenues	\$ 11,990,681	\$297.30	\$ 13,174,758	\$299.42	\$ 14,477,833	\$299.12
Operating Expenses						
Nursing Contracted	\$ 3,900,556	\$96.71	\$ 4,290,612	\$97.51	\$ 4,719,673	\$97.51
Medical Director	\$ 36,000	\$0.89	\$ 36,000	\$0.82	\$ 36,000	\$0.74
Medical Supplies and other nursing	\$ 221,829	\$5.50	\$ 242,004	\$5.50	\$ 266,205	\$5.50
Pharmacy	\$ 136,875	\$3.39	\$ 150,563	\$3.42	\$ 165,619	\$3.42
Therapy Other	\$ 308,425	\$7.65	\$ 342,660	\$7.79	\$ 410,514	\$8.48
Other Ancillary	\$ 60,499	\$1.50	\$ 66,001	\$1.50	\$ 72,601	\$1.50
Activity other	\$ 20,166	\$0.50	\$ 22,000	\$0.50	\$ 24,200	\$0.50
Activities Contracted	\$ 162,481	\$4.03	\$ 178,729	\$4.06	\$ 196,602	\$4.06
SS Salaries	\$ 66,560	\$1.65	\$ 73,216	\$1.66	\$ 80,538	\$1.66
Dietary Contract	\$ 867,149	\$21.50	\$ 946,016	\$21.50	\$ 1,040,618	\$21.50
Housekeeping & Laundry Other Contracted	\$ 423,491	\$10.50	\$ 462,008	\$10.50	\$ 508,209	\$10.50
Administrator Salary	\$ 175,000	\$4.34	\$ 180,250	\$4.47	\$ 185,658	\$4.60
General Admin salary	\$ 309,133	\$7.66	\$ 309,133	\$7.66	\$ 309,133	\$7.66
Admin Other	\$ 310,000	\$7.69	\$ 310,000	\$7.05	\$ 310,000	\$6.40
Maintenance Salaries	\$ 104,000	\$2.58	\$ 114,400	\$2.84	\$ 125,840	\$3.12
Maintenance Other	\$ 125,000	\$3.10	\$ 125,000	\$3.10	\$ 125,000	\$3.10
Capex Program	\$ 300,000	\$7.44	\$ 500,000	\$12.40	\$ 500,000	\$12.40
Assessment tax	\$ 518,913	\$12.87	\$ 565,815	\$12.86	\$ 622,396	\$12.86
Utility	\$ 245,987	\$6.10	\$ 253,367	\$5.76	\$ 260,968	\$5.39
Bad Debt	\$ 239,814	\$5.95	\$ 263,495	\$5.99	\$ 289,557	\$5.98
Insurance PL/GL and Property and other	\$ 226,000	\$5.60	\$ 226,000	\$5.14	\$ 226,000	\$4.67
Total Operating Expense	\$ 8,757,878	\$217.14	\$ 9,657,269	\$219.48	\$ 10,475,329	\$216.43
EBITDARM Profit/(Loss)	\$ 3,232,803	\$80.15	\$ 3,517,489	\$79.94	\$ 4,002,505	\$82.69
Management	\$ 599,534	\$14.86	\$ 658,738	\$14.97	\$ 723,892	\$14.96
EBITDAR Profit/(Loss)	\$ 2,633,269	\$65.29	\$ 2,858,751	\$64.97	\$ 3,278,613	\$67.74
Rent	\$ 2,160,000	\$53.55	\$ 2,224,800	\$50.56	\$ 2,291,544	\$47.35
EBITDA Profit/(Loss)	\$ 473,269	\$11.73	\$ 633,951	\$14.41	\$ 987,069	\$20.39

OPERATIONS TRANSFER AGREEMENT

by and between

Lakeland Operations LLC,
a New Jersey limited liability company,

“Old Operator”

and

Lakeland Opeartor LLC,
a Delaware limited liability company,

“New Operator”

Dated as of October 31, 2021

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OPERATIONS TRANSFER AGREEMENT

This **OPERATIONS TRANSFER AGREEMENT** (this "Agreement") is entered into this 31st day of October, 2021 (the "Effective Date") by and between Lakeland Operations LLC, a New Jersey limited liability company ("Old Operator") and Lakeland Operator LLC, a Delaware limited liability company ("New Operator").

WITNESSETH:

WHEREAS, OMNI II, LLC, a New Jersey limited liability company ("Seller"), currently owns that certain real property improved with , (a) that certain 201 bed skilled nursing facility commonly known as Lakeland Healthcare Center located at 25 Fifth Avenue, Haskell, NJ 07420, ("Facility" or "Facilities"); and all of the furniture, fixtures and equipment and other items of personal property located therein (the "Personal Property" and collectively with the Facility, the "Property")

WHEREAS, Lakeland Realty SNF LLC, a Delaware limited liability company ("Purchaser") is acquiring the Property from Seller, under that certain Asset Purchase Agreement by and between Seller and Purchaser, dated as of even date herewith (the "Purchase Agreement");

WHEREAS, as of the date hereof, Seller and Old Operator are parties to that certain lease agreement (the "Old Lease") providing for the lease of the Facility by Seller to Old operator, which lease agreement will be terminated as of the Closing (as defined below) and replaced in its entirety by a new lease agreement (the "New Lease") to be entered into by and among Purchaser and New Operator at the Closing, providing for the lease of the Facility by Purchaser to New Operator;

WHEREAS, at the closing of the transactions contemplated under the Purchase Agreement and as a condition to Purchaser's obligations under the Purchase Agreement, and in furtherance of a desire by the parties hereto to ensure a smooth transition of operations of the Facility, the parties hereto desire to enter into this Agreement.

NOW, THEREFORE, for the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged by the parties hereto, the parties hereto agree as follows:

1. **CLOSING**. The closing of the transactions contemplated hereby (the "Closing") shall take place concurrently with the closing of the transactions contemplated under the Purchase Agreement, subject to the satisfaction or waiver of each of the closing conditions set forth in Section 2 hereof (other than those conditions which can only be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The Closing shall be effective as of 12:00 a.m. (Eastern Time) on the Closing Date (the "Effective Time").

2. **CONDITIONS PRECEDENT**. New Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the satisfaction of New Operator or the waiver thereof by New Operator of the following conditions precedent on or

prior to the Closing Date, which waiver shall be binding upon New Operator only to the extent made in writing and dated as of the Closing Date:

a. Old Operator shall have duly and timely performed and fulfilled in all material respects all of its duties, obligations, promises, covenants and agreements hereunder;

b. Each of the representations and warranties of Old Operator contained in this Agreement shall have been true, correct complete in all material respects as of the Effective Date and as of the Closing Date, to the extent remade pursuant to Section 17;

c. Old Operator shall have delivered to New Operator on or before the Reference Date the following, to be held in escrow by New Operator and to be dated effective upon the Closing Date, each of which shall be in form and substance:

1. A bill of sale, in substantially the form annexed hereto as **Exhibit A** (the "**Bill of Sale**"), containing a warranty of title, duly executed and acknowledged by Old Operator, sufficient to convey to New Operator good and indefeasible title, free of all Liens, in and to the personal properties included in the Transferred Assets;

2. An assignment by Old Operator, in substantially the form annexed hereto as **Exhibit B** (the "**General Assignment**"), of all of Old Operator's right, title and interest in, to and under:

- i. The Assumed Contracts (as defined herein);
- ii. The Patient Trust Funds and Property (as defined herein);
- iii. The Provider Agreements (as defined herein);
- iv. The Resident Agreements (as defined herein);
- v. The Website Material (as defined herein);
- vi. any trade names as well as any trademarks, logo types, or other similar descriptive items associated with the name of the Facility, and all goodwill symbolized and associated with such name, and any other assets, intangible or tangible to be required to be assigned to New Operator pursuant to this Agreement (other than any reference names to Autumn); and
- vii. all Old Operator's Cash and cash equivalents, Accounts Receivables, and any other accounts receivable, accounts payable, and other liabilities related to the operation of the Facility arising from, generated, received, or incurred on or after the Reference Date.

3. A duly executed certificate of an authorized officer of Old Operator or its managing constituent, dated as of the Closing Date, to the effect and stating that (A) this Agreement and the Other Documents to which Old Operator is a party have been duly authorized, executed and delivered by Old Operator pursuant to all necessary resolutions or consents of the appropriate governing body of Old Operator, and appearing on said certificate are the true signatures of all persons who have executed this Agreement and the Other Documents to which Old Operator is a party on behalf of Old Operator, (B) the executing persons are fully authorized to act on behalf of Old Operator or its constituent partners or members, as applicable and (C) conditions specified in Section 2(a), Section 2(b), Section 2(e), Section 2(f), Section 2(g), Section 2(h), Section 2(i) and Section 2(l) have been satisfied;

4. All Permits, if any, in Old Operators possession, issued by any Governmental Authority relating to the operating of the Facility by Old Operator running to, or in favor of, Old Operator, to the extent legally assignable;

5. Counterparts to the Other Documents duly executed by all parties thereto (other than New Operator); and

6. A duly executed termination agreement, between Seller and Old Operator, terminating the Old Lease.

d. RESERVED.

e. There shall not have been imposed against Old Operator, nor shall have Old Operator received notice of: (a) any civil monetary penalty (“CMP”) or other federal, state or local fine and/or penalty between the Effective Date and Reference Date (“Penalty”), (b) Recapture Claim (as defined herein) between the Effective Date and Reference Date, (c) any survey deficiency of the severity level of “IJ” or worse between the Effective Date and Reference Date, (d) any loss of licensure or Medicare or Medicaid certification between the Effective Date and Reference Date, or (e) any ban on admission or denial of payment of new admissions between the Effective Date and Reference Date which remains open as of the closing date. For the avoidance of doubt, (a) through (e) of this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to November 1, 2021 (the “Reference Date”).

f. Old Operator shall have transferred to New Operator the Patient Trust Funds and Property in compliance with all Applicable Laws with respect to the transfer of such Patient Trust Funds and Property and in accordance with the provisions of Section 5 below;

g. Between the Effective Date and the Reference Date, there shall not have been any material adverse change in the license of the Facility caused by Old Operator and not as a result of New Operator, Purchaser, or their affiliates, provided a written notice of Material Adverse Change was provided to New Operator within 14 days of the Reference Date;

h. RESERVED;

i. On the Closing Date, but with respect to occurrences prior to the Reference Date, there shall not be any lawsuits filed or threatened against Old Operator which are not covered by insurance and being defended, subject to policy limits and any reservation of rights which may effect the operations of the facility after closing or being defended by New Operator; nor shall there be any actions, suits, claims or other proceedings, pending or threatened, or injunctions or orders entered, pending or threatened against Old Operator, which would restrain or prohibit the consummation of any of the transactions contemplated under this Agreement and the Other Documents;

j. New Operator shall have received DOH approval of the Licensure required for New Operator to legally operate the Facility in the manner presently operated by Old Operator, provided that New Operator timely applied for all such approvals;

k. RESERVED;

l. RESERVED;

m. The closing conditions described in the Purchase Agreement shall have reasonably been met and the closing under the Purchase Agreement shall occur concurrently herewith.

n. Government Approvals. New Operator shall use its commercially reasonable efforts to timely obtain all Government Authorizations necessary to operate the Facility as of the Closing Date, including, without limitation, by filing such applications as are necessary for New Operator to obtain the requisite Health Care Licenses to operate the Facility. New Operator may file such applications at any time on or after the Effective Date, within the time period for the license to be obtained by the Closing Date. Old Operator shall reasonably cooperate with New Operator and shall promptly execute and deliver all forms and other documentation to be executed by it in connection with the foregoing. New Operator shall notify Old Operator at least two (2) business days prior to filing any change of ownership application for the Facility with a Health Care Authority and provide a copy of Old Operator of such filing (redacted as deemed necessary by New Operator). New Operator shall provide a copy of any approvals within 5 Business Days of receipt.

Old Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Closing Date, which waiver shall be binding upon New Operator only to the extent made in writing and Dated as of the Closing Date:

o. Each of the representations and warranties of New Operator contained in this Agreement shall be true, correct, complete and not misleading in all respects as of the Effective Date and the Closing Date;

p. New Operator shall have executed and delivered to Old Operator the Other Documents to which it is a party; and

q. The closing conditions described in the Purchase Agreement shall have been met and the closing under the Purchase Agreement shall occur concurrently herewith.

3. LIABILITIES OF OLD OPERATOR.

a. Except as specifically and unambiguously set forth herein, New Operator shall not be the successor to Old Operator, and Old Operator hereby acknowledges and agrees that pursuant to the terms of this Agreement, neither New Operator nor any of its Affiliates shall assume or become liable to pay, perform or discharge any Liability of Old Operator of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of this or any other transaction or event and whether or not relating to Old Operator any of the Business, regardless of any disclosure made or exceptions noted with respect to the representations and warranties, covenants or agreements contained in this Agreement or any other document executed or delivered by Old Operator in connection with the transactions contemplated hereby, including the following specifically enumerated Liabilities (collectively, the "Excluded Liabilities");

i. All Liabilities for Indebtedness of Old Operator;

ii. All Liabilities of Old Operator that relate to any of the Excluded Assets (as defined herein);

iii. All Liabilities of Old Operator or for which Old Operator could be liable relating to Taxes (including with respect to the Transferred Assets or otherwise) including any Taxes that will arise as a result of the transfer of any of the Transferred Assets pursuant to this Agreement and any Liability related to Taxes of Old Operator (including under any bulk sales law);

iv. All Transaction Expenses of Old Operator in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the Other Documents;

v. All Liabilities of Old Operator that relate to the Recapture Claims (as defined herein) that relate to services provided prior to the Reference Date;

vi. Any Liability arising out of any Action commenced against Old Operator or with respect to any of the Transferred Assets after the Closing, the facts of which arising out of, or relating to, any occurrence, circumstance or event happening or existing prior to the Closing Date;

vii. Any Liability of Old Operator relating to any Action for malpractice, professional liability, resident rights violations or violations of employee rights or contracts or otherwise constitute or are alleged to constitute a tort, breach of contract or violation of any law, rule, regulation, treaty or other similar authority;

viii. Any Liability under any Assumed Contract which arises after the Closing, but which arises out of or relates to any breach or alleged breach that occurred prior to the Reference Date.

ix. Any Liability of Old Operator for amounts due or which may become due or owing under the Old Lease or any Existing Contracts with respect to the period prior to the Reference Date, whether known or unknown on the Effective Date;

x. Any Liability with respect to the Current Employees (as defined herein) or former employees, or both (or their personal representatives) of Old Operator with respect to the period prior to the Reference Date (including any Liabilities arising under any Benefits Plan of Old Operator, other Liabilities described in Section 9 and Liabilities relating to any employer-paid portion of any employment and payroll Taxes that become payable in connection therewith that occurred prior to the Reference Date), except for Liabilities expressly assumed by New Operator under Section 8(c);

xi. Any Liability pursuant to the WARN Act relating to any action or inaction of Old Operator on or prior to the Effective Time;

xii. Any Liability under any contract, agreement, lease, mortgage, indenture or other instrument of Old Operator, except for the Assumed Contract that occurred or accrued prior to the Closing Date;

xiii. Any Liability to indemnify, reimburse or advance amounts to any officer, director, employee or agent of Old Operator that accrued or occurred prior to the Reference Date;

xiv. Any Liability arising out of or resulting from non-compliance with any Applicable Law by Old Operator;

xv. Any Liability of Old Operator under this Agreement or any Other Document; and

xvi. Any Liability of Old Operator resulting from overpayments or inappropriate billings related to services provided prior to the Reference Date;

xvii. Any other Liabilities of Old Operator with respect to any acts, events or transactions whether occurred in the past, occurring at the present or occurring in the future, known or unknown, liquidated or unliquidated, accrued or

unaccrued, pending or threatened.

b. New Operator shall have no duty whatsoever to take any action or receive or make any payment or credit arising from or related to any services provided or costs arising from or related to any services provided or costs incurred in connection with the management and operation of the Facility prior to the Reference Date, including, but not limited to, any matters relating to Contracts, cost reports, collections, audits, hearing, or legal action arising therefrom.

c. The parties hereto agree and acknowledge that, notwithstanding anything to the contrary in this Agreement, Old Operator shall retain, and New Operator shall not accept, any of Old Operator's rights, title and interest in and to any assets of Old Operator other than the Transferred Assets (collectively, the "Excluded Assets").

d. The parties hereto acknowledge and agree that disclosure of any Liability on any Schedule to this Agreement or any Other Document shall not create an Assume Liability or other Liability of New Operator, except where such disclosed obligation has been expressly assumed by New Operator as an Assumed Liability in accordance with the terms of this Agreement.

e. For the avoidance of doubt, nothing contained in this Agreement shall omit any claim or defenses New Operator may have against any Third Party. The transactions contemplated by this Agreement shall in no way expand the rights or remedies of any Third Party against Old Operator or New Operator as compared to the rights and remedies which such Third Party would have had against Old Operator had New Operator not assumed such Assumed Liabilities.

f. Closing Prorations. All revenues, costs and expenses relating to operation of the Facility, including without limitation taxes and utility charges, shall be prorated between Old Operator and New Operator as of the Reference Date. In the event the amount of any cost or expense has not been determined as of the Reference Time, the proration shall be made on the basis of one hundred percent (100%) of the last available bill for the applicable period and shall be re-prorated upon receipt of statements therefor. For purposes of clarification, in no event shall Old Operator be responsible for any of the amounts below that are attributable to any period on or following the Reference Date, and in no event shall New Operator be responsible for any of the amounts below that are attributable to any period prior to the Reference Date and Old Operator be liable for any of the amounts below that are attributable to any period after the Reference Date.

4. CONVEYANCE OF SUPPLIES. On the Closing Date, Old Operator shall transfer to New Operator all food, central supplies, linens and housekeeping supplies and other consumable and non-consumable inventory on hand and within the facility (the "Supplies"). Old Operator shall have no obligation to deliver the Supplies to any location other than that at which each item of Supplies is currently located, and New Operator agrees that the presence of the Supplies at the Facility on the Closing Date shall constitute delivery thereof.

5. TRANSFER OF PATIENT TRUST FUNDS.

a. Old Operator shall provide to New Operator a true, correct and complete accounting of any patient trust funds for patients at the Facility ("Patient Trust Funds and Property") as of the Reference Date.

b. Old Operator hereby agrees to transfer, or to cause to be transferred, to New Operator the Patient Trust Funds and Property in its possession on the Closing Date. Old Operator shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Patient Trust Funds and Property. New Operator hereby agrees that it will accept the Patient Trust Funds and Property in trust for the residents, in accordance with applicable statutory and regulatory requirements.

c. Reserved.

d. New Operator will indemnify, defend and hold Old Operator harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event a claim is made against Old Operator with respect to the Patient Trust Funds and Property where said funds were transferred to New Operator pursuant to the terms hereof, or for claims which arise from actions or omissions of New Operator after the Reference Date.

6. COST REPORTS; OVERPAYMENTS, CIVIL MONETARY PENALTIES.

a. Old Operator with the assistance of New Operator, shall timely prepare and file with the appropriate Medicare and Medicaid agencies, its final cost reports in respect to its operation of the Facility as soon as practicable after the Closing Date.

b. Each party hereto agrees to notify the other within five (5) Business Days after receipt of any notice of any claim, audits, assessment inquires, proceedings, disputes, examinations, determination or denials or similar events by DOH, CMS, OIG or any other Governmental Authority with respect to any of the following, relating to periods prior to the Closing Date: (i) an alleged Medicare, Medicaid, and/or Managed Care overpayment, or any other recoupment or adjustment to reimbursement, (ii) an alleged underpayment of any Tax or assessment or (iii) any other governmental or third-party payor claims (each, a "Recapture Claim"). For avoidance of doubt, the failure to provide notification of a Recapture Claim within the foregoing timeframe shall in no way effect a party's rights to indemnification with respect thereto.

c. In the event DOH, CMS, OIG, any other Governmental Authority making payments to Old Operator or New Operator for services performed at the Facility after the Closing or any other third-party payor makes any Recapture Claim for a period prior to the Reference Date, then Old Operator hereby agrees to save, indemnify, defend and hold New Operator harmless from and against any Loss incurred or suffered by New Operator relating to, arising from, by reason of or in connection with any such claim. In connection with the foregoing indemnification obligation, in the event that DOH, CMS, OIG or any other Governmental Authority or other third-party payor source withholds amounts from New Operator's reimbursement checks as a result of such Recapture Claim, Old Operator shall pay such amounts to New Operator within three (3) Business

Days following New Operator's demand therefor. In the event Old Operator fails to pursue any issue or issues relating to appeal of a Recapture Claim, upon five (5) days written notice to Old Operator, New Operator may, at Old Operator's expense, pursue an appeal of such issue or issues and Old Operator will cooperate fully with New Operator in such appeal, including by providing copies of any documentation required to substantiate costs reported on the cost reports.

d. Old Operator shall pay or escrow, prior to the Closing, all outstanding Recapture Claims and any other fees and taxes due with respect to the Facility for periods prior to the Reference Date, and shall provide to New Operator, on or before the Closing, evidence reasonably satisfactory to New Operator of the foregoing payments. Old Operator shall also remain liable and responsible for the correction of all violations cited by DOH or any other Governmental Authority in any survey prior to or after the Closing, that result from a condition that occurred prior to the Reference Date or as a result of an action or inaction of Old Operator prior to the Reference Date.

e. Old Operator shall deliver to New Operator copies of any Medicare and Medicaid cost reports for the Facility that have not been filed as of the Closing Date, for New Operator's review, at least ten (10) days prior to filing of such reports, and provide New Operator with reasonable access to the underlying documentation for such reports.

7. CONTRACTS.

a. As soon as practicable after the Date hereof, the Old Operator shall deliver to the New Operator Copies of Existing Contracts in its possession and a copy of a GL listing of applicable vendors, a schedule of which is attached hereto as Schedule 7.a. In accordance with the terms of the General Assignment and this Agreement, Old Operator shall assign and transfer to New Operator all of Old Operator's rights, title and interest in, to and under the Existing Contracts chosen by New Operator in its sole discretion and set forth in Schedule 7.b. hereto, which New Operator shall provide within within 30 days following the Reference Date (collectively, the "Assumed Contracts," and the Existing Contracts not assigned to New Operator shall hereinafter be referred to as the "Rejected Contracts"), and New Operator shall assume all of the Liabilities of Old Operator under the Assumed Contracts that accrue after the Effective Time and that do not arise from occurrences, circumstances or events occurring or existing, or breaches existing at or prior to the Effective Time (it being understood that any interest, penalty or other amounts required to be paid under any Assumed Contract as a result of any non-payment or other breach by Old Operator thereunder shall not be an Assumed Liability). Notwithstanding the foregoing, Old Operator will not assign the contracts listed in Schedule 7.b.

b. To the extent any third party consent is required in connection with the assignment and assumption of the Assumed Contracts, Old Operator hereby covenants and agrees to use commercially reasonable to obtain such third party consent prior to the Closing Date, providing no Personal Guranantees are required and does not create any liabilities to Old Operator or its memebbers. To the extent Old Operator shall be unable to obtain such third party consent, Old Operator and New Operator shall cooperate and take

such steps as may be necessary in order for New Operator to receive the benefits under such Assumed Contracts, provided that New Operator agrees to fulfill any obligations of Old Operator that shall arise with respect to such Assumed Contracts on and after the Closing Date.

c. Old Operator shall also transfer, convey and assign to New Operator on the Closing Date all customer lists, prospect lists, and existing agreements with residents and any guarantors thereof (the "Resident Agreements"), to the extent assignable by Old Operator.

d. Reserved.

8. EMPLOYEES.

a. Old Operator shall terminate the employment of its employees providing services at the Facility as of the Closing Date. A employee list as of the Effective Date has been provided to New Operators (the "Current Employees"). New Operator shall not be bound by or assume any employment contracts to which Old Operator may be a party and was entered into prior to the Reference Date. Other than consistent with past practice or necessary in accordance with a Union Contract, or acceptable practice, Old Operator shall not make any material changes in the compensation or benefits of the employees at the Facility prior to the Reference Date. New Operator may recognize the union as a bargaining unit under the Union Contract, however nothing herein shall serve as an assignment or assumption by New Operator of the Union Contract.

b. New Operator shall hire a minimum amount of employees so not to trigger any Warn Notice, and may determine, in its sole discretion, which of the Current Employees shall be offered employment with New Operator, pursuant to employment terms acceptable to New Operator (hereinafter, the "Retained Employees"). Nothing in this paragraph, however, shall create any right in favor of any person not a party hereto, including without limitation, the Current Employees, or constitute an employment agreement or condition of employment for any employee of Old Operator or any affiliate of Old Operator who is a Current Employee.

c. On the Reference Date, Old Operator shall provide New Operator with a credit of an amount equal to 70% of all of the accrued as of the Reference Date (whether vested, unvested, contingent or mature) paid time off (which shall include all days for which Retained Employees are paid but do not actually work, such as sick days, vacation days, and holidays) and all other accrued but unpaid payroll obligations as of the Reference Date, including but not limited to all FICA, withholding, unemployment, workmen's compensation, union dues or other employment related taxes in connection with the foregoing ("Old Operator's Employment Expenses") which shall then be assumed by New Operator. New Operator expressly acknowledges that New Operator shall assume all obligations related to Old Operator's Employment Expenses. A schedule of Old Operator's Employment Expenses is attached hereto as Schedule 8(c), and shall be updated prior to the Closing to reflect amounts outstanding at the Closing. In the event that New Operator discovers within 20 days after the Reference Date that the amount

credited is less than the amounts required under this Section 8(c), Old Operator shall pay to New Operator, within ten (10) days after New Operator provides notice thereof, an amount equal to such deficiencies. [NTD: payroll obligations related to FICA and other taxes, etc. to be equal to 10%]

d. Each Hired Employee shall be given service credit for the purpose of eligibility under New Operator's group health plans and eligibility and vesting only under any defined contribution retirement plan for his or her period of service with Old Operator prior to the Closing Date.

e. Upon reasonable advance written notice to New Operator and at reasonable times that will not, in any material respect, interfere with or disrupt the business of New Operator at the Facility, New Operator agrees to provide Old Operator with reasonable access to the Facility's employees after the Closing Date if necessary for Old Operator's defense of any professional liability or general liability litigation.

f. Nothing in this Agreement shall create any rights in favor of any person not a party hereto, including the Employees, or constitute an employment agreement or condition of employment for any employee of Old Operator or the New Operator or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by New Operator of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and the New Operator shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of Old Operator or its Affiliates. New Operator shall provide group health coverage for the Hired Employees who qualify for its coverage.

g. New Operator shall be liable for providing access to all group health plan continuation coverage pursuant to the requirements of COBRA, for all Hired Employees who are subsequently terminated by New Operator on or after the Closing Date.

h. Old Operator shall at its sole discretion, be permitted to retain any of its regional employees and transfer them to an affiliate of Old Operator.

9. ACCOUNTS RECEIVABLE.

a. After Closing, Old Operator shall retain the right to collect all unpaid Accounts Receivable of Old Operator with respect to periods prior to the Reference Date. If at any time after the Closing Date, New Operator shall receive any payment from any source including but not limited to any federal or state agency, which payment includes any reimbursement with respect to payments or underpayments made to Old Operator for services rendered prior to the Reference Date, then New Operator shall remit such payments to Old Operator. Upon request New Operator and Old Operator shall send copies of all Medicaid remittance advices to the other party for purposes of recording and pursuing Accounts Receivable for the period of twelve (12) months following the Closing Date and thereafter as reasonably requested by each party. If at any time after the Closing Date, Old Operator shall receive any payment from any federal or state agency, which payment represents reimbursement with respect to payments or underpayments

made to New Operator or Old Operator for services rendered on or after the Reference Date, then Old Operator shall remit such payments to New Operator. Any such remittances pursuant to this Section 9.a. shall occur within three (3) Business Days from the Date the party required to make such remittance receives payment thereof.

b. Any non-designated payments received by New Operator or Old Operator from non-governmental payment sources during a period of thirty (30) days following the Closing shall first be applied to any pre-Reference Date balances due to Old Operator for services provided prior to the Closing (with the excess, if any, applied to any post-Closing balances due for services rendered by New Operator following the Closing), and any such payments received following such period of thirty (30) days shall first be applied to any post-Reference Date balances due Old Operator and New Operator for services provided after the Closing which shall all be retained by New Operator (with the excess, if any, applied to any pre-Reference Date balances due for services rendered by Old Operator prior to the Closing). Notwithstanding the foregoing, the parties agree and acknowledge that Social Security payments received by residents at the Facility, and provided as payment for services at the Facility, shall be applied towards payment for services rendered during the month with respect to which the Social Security payment was received by the resident.

c. For avoidance of doubt, any Medicare bad debt payments received by Old Operator following the Closing (prior to such time as assignment of the Medicare Provider Agreement to New Operator has been fully processed) that relate to periods following the Reference Date, shall be remitted to New Operator within three (3) Business Days of receipt thereof.

d. To the extent either party receives any payments for accounts receivable of the other party, both parties acknowledge that the party receiving the payment belonging to the other party shall hold the payment in trust, that neither party shall have any right to offset with respect to such accounts receivable, and that the party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other within ten (10) days of receipt or pay same thereafter at the Default Rate.

e. Old Operator shall retain the right to collect all Proceeds arising from the lawsuit brought by Old Operator or its affiliates against Aetna Better Health, Inc. d/b/a Aetna Better Health of New Jersey;

10. EMPLOYMENT RECORDS. Old Operator shall leave at the facility the employee records in its possession (including, without limitation, all employee employment applications, W-4's, I-9's and any disciplinary reports) (collectively, the "Employee Records"). Old Operator shall not provide New Operator with any employee medical information or records except to the extent permitted by applicable law or written employee waiver.

11. ACCESS TO RECORDS.

a. On or before the Closing Date, Old Operator shall deliver or leave in the

facility, to New Operator the resident medical records with respect to residents at the Facility at Closing, and financial records to the extent in its possession. Provided, however, that nothing herein shall be construed as precluding Old Operator from removing from the Facility on or prior to the Closing Date its corporate financial records which relate to its operations at the Facility or to its overall corporate operations; and provided, further, that Old Operator shall give New Operator access to any information in any such removed records as is necessary for the efficient and lawful operation of the Facility by New Operator or is otherwise required by law to be maintained at the Facility.

b. Subsequent to the Closing Date, New Operator shall allow Old Operator and its Representatives to have reasonable access to (upon reasonable prior notice and during normal business hours), and to make copies of, the books and records and supporting material of the Facility relating to the period prior to and including the Closing Date, at its own expense, to the extent reasonably necessary to enable Old Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, in such manner and as permitted by applicable law.

c. Old Operator shall, if allowed by applicable law and subject to the terms of such applicable law, be entitled to remove any records delivered to New Operator, for purposes of litigation involving a resident or employee to whom such record relates, as certified to New Operator in writing prior to removal by an officer of or counsel for Old Operator in connection with such threatened or actual litigation. Any record so removed shall promptly be returned to New Operator following its use.

d. New Operator agrees to maintain such books, records and other material comprising records of the Facility's operations prior to the Closing Date that have been received by New Operator from Old Operator or otherwise, including resident records and records of patient funds, to the extent required by law, but in no event less than three (3) years.

e. Old Operator shall retain medical and financial records of residents no longer at the facility at Closing but previously at the Facility at any time during the seven (7) year period prior to Closing, and will retain such records for at least seven (7) years following the Closing. Old Operator shall allow New Operator reasonable access to the foregoing resident records.

f. New Operator will maintain the Facility Records, to the extent required by law. At all times on and after the Closing Date, New Operator shall allow Old Operator and its Affiliates and Representatives, at Old Operator's sole cost and expense, to have reasonable access during regular business hours upon reasonable prior written notice and to make copies of, the Facility Records, to the extent reasonably necessary to enable Old Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Old Operator, and to perform similar matters. From and after the Closing Date, New Operator shall be solely responsible for caring for the residents of the Facility in accordance with their contractual rights and in accordance with law. New Operator shall preserve the existence and maintain the confidentiality of the resident records transferred

to New Operator pursuant to this Agreement in accordance with federal and state law. Any fees charged by third parties in connection with the transfer of electronic patient records shall be the responsibility of New Operator.

12. USE OF TELEPHONE NUMBER AND WEBSITE; POLICY AND PROCEDURE MANUALS.

a. New Operator may use the present telephone numbers as well as internet domain name ("Website Materials") of the Facility with the exception of any Autumn or related domain which shall not be transferred. Old Operator shall as of the Closing Date cooperate in the transfer or of the telephone numbers used by the Facility.

b. Reserved.

13. PROVIDER AGREEMENTS. For any periods following the Closing that New Operator is not yet able to bill under its Medicaid, Medicare, and/or Managed Care provider agreements (the "Provider Agreements"), Old Operator shall allow New Operator to bill under Old Operator's Provider Agreements, to the extent permitted by applicable law or contract, and Old Operator shall promptly forward to New Operator any payments received with respect thereto within three (3) Business Days of receipt thereof. Effective on the Closing Date, Old Operator sells, assigns and conveys to New Operator the Medicare provider number in use at the Facility (the "Existing Medicare Provider Number"). Notwithstanding the foregoing, the Old Operator retains any and all rights and liabilities relating to the Existing Medicare Provider Number relating to any and all periods preceding the Closing Date. Old Operator and New Operator shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of the Existing Medicare Provider Number. During the pendency of New Operator's CMS Form 855A (the "CHOW"). New Operator may bill Medicare under Old Operator's name and the Existing Medicare Provider Number, until the Intermediary changes the electronic funds transfer account or special payment address to the New Operator. Notwithstanding the foregoing, New Operator shall be responsible for all rights and liabilities relating to the Existing Medicare Provider Number relating to any and all periods on or after the Closing Date. This Section 6 is intended to satisfy the requirements of Chapter Section 15.7.7.1.5 of the Medicare Program Integrity Manual.

14. COOPERATION; INTERIM OPERATIONS OF THE FACILITY. Old Operator agrees to cooperate with New Operator, and New Operator agrees to cooperate with Old Operator to affect an orderly transfer of the operation of the Facility. Old Operator shall fully cooperate with New Operator in connection with submitting an application to DOH with respect to the Licensure, as well as any applications with respect to the Provider Agreements, and shall also fully cooperate with regard to any additional actions or information required with respect to approval of the Licensure and/or New Operator's Provider Agreements, or otherwise requested in connection with the transactions contemplated herein.

From the Date of this Agreement until the Closing, Old Operator shall use commercially reasonable and diligent efforts to preserve intact the business operations and relationships of the Facility with Third Parties and use best efforts to keep available the services of all of the Facility's employees. Without limiting the generality of the preceding sentences, until the earlier

of (i) the Closing Date, or (ii) the termination of this Agreement, Old Operator shall:

- a. Not sell, transfer or otherwise dispose of any of the Supplies except in the Ordinary Course of Business consistent with the prior practices of Old Operator;
- b. To the extend obligations will be imposed on the New Operator, not enter into any contract after the Reference Date without New Operator's prior written consent unless in an Emergency;
- c. Operate the Facility and maintain Facility licensure status in substantial compliance with all applicable laws, rules and regulations
- d. Not increase or promise to increase any wages or benefits of, or grant or promise to grant any bonuses to, any of the employees of the Facility without the prior written consent of New Operator, unless in accordance with prior practice;
- e. Not take any action which will or would cause any of the representations or warranties in this Agreement to become untrue or be violated;
- f. Perform all of its obligations in respect of the Facility whether pursuant to any contracts, or other requirements, including payment before the same shall become due of all taxes, duties and other governmental charges that accrue prior to the Closing Date;
- g. Not decrease the private pay rates of the residents of the Facility without the prior written consent of New Operator;
- h. Maintain records in accordance with applicable laws, rules and regulations;
- i. Not transfer residents from the Facility to any other skilled nursing facility, other than as requested by such resident or as required for the care of such resident;
- j. Not transfer any Current Employees (other than Regional Employees) to any facility or other corporate office owned, operated, or managed by Old Operator or any party affiliated with Old Operator, nor terminate and hire any Current Employees which has the effect of circumventing the forgoing prohibition on transfers;
- k. Not make any distributions of cash to the members, shareholders, equity holders, etc., of any cash or other property which results from the operation or ownership of the Facility on or after the Reference Date, unless in accordance with this agreement or for Member Tax liabilities and all such amounts shall be retained by old Operator and transferred to New Operator as a Transferred Asset pursuant to Section 1 herein; and
- l. Promptly inform New Operator in writing of any material event adversely affecting the ownership, use, occupancy, operation, management or maintenance of the

Facility, whether or not insured against.

Provided that any failure of Old Operator to satisfy the covenants and obligations set forth in the forgoing items (a) through (l) shall not be a default under this Agreement unless the action or failure was a result of an action or intentional inaction by the managing member of Old Operator, or any officer of an Old Operator affiliate.

Further, New Operator and Old Operator agree and acknowledge that the employees of the Facility provide valuable services that are crucial for the success of the Facility, and New Operator's decision to serve as certified operator of the Facility is based upon the skills and qualifications of such employees. As such, in the event that during the period beginning on the Effective Date and ending upon the Date that is two (2) years following the Effective Date, any Unit Manager, RN Supervisor, Department Head, or Administrator is solicited or hired for employment by any person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Old Operator, then Old Operator shall pay to New Operator an amount equal to the lesser of (i) Fifty Thousand Dollars (\$50,000.00) or (ii) the annual salary for such Current Employee as liquidated damages, for each such Current Employee that is solicited or hired in violation of this section, unless waived by New Operator or Purchaser or any of their affiliates. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Fifty Thousand Dollars (\$50,000.00) is a fair and reasonable approximation of such actual damages. New Operator specifically excludes any corporate or regional employees who were corporate or regional employees prior to the Effective Date from such non-solicit and no-hire clauses.

15. INDEMNIFICATION.

a. By Old Operator. In addition to and not in lieu, place, stead and/or substitution of any other indemnity set forth elsewhere herein, Old Operator shall indemnify, save, protect, defend and hold harmless, New Operator, its Affiliates, and their respective members, managers, employees, shareholders, officers, directors and agents (collectively, the "New Operator Indemnitees"), from and against any and all Losses incurred or suffered by any such New Operator Indemnitee arising from, by reason of or, in connection with (i) inaccuracy or breach of any representation or warranty of Old Operator contained in this Agreement or any certificate delivered pursuant hereto on the part of Old Operator, (ii) any breach by Old Operator of any covenant or agreement made by Old Operator in this Agreement (including under this Section 15), (iii) operation of the Facility prior to the Reference Date, (iv) any fraud or intentional misrepresentation on the part of any Old Operator or its Representatives prior to the Reference Date, (v) any Recapture Claim that relates to services provided prior to the Reference Date, (vi) RESERVED, (vii) the Excluded Liabilities prior to the Reference Date, (viii) any Cares Act Payments, Medicare Advance Payments, or Other COVID-19 funds received by Old Operator prior to the Reference Date or retained by Old Operator, or (ix) any Losses from any of the forgoing (i) through (viii) which relate to ownership or operations prior to the Reference Date which result in a reduction in the

cash or cash equivalents transferred pursuant to Section 2.c.2.(vii).

b. By New Operator. In addition to and not in lieu, place, stead and/or substitution of any other indemnity set forth elsewhere herein, New Operator shall indemnify, save, protect, defend and hold harmless Old Operator, their employees, members, managers, shareholders, officers, directors and agents (collectively, the “Old Operator Indemnitees”), from and against any and all applicable Losses incurred or suffered by any such Old Operator Indemnatee arising from, by reason of or, in connection with (i) any breach by New Operator of its obligations, representations, warranties, agreements or covenants hereunder, and (ii) New Operator’s operation of the Facility following the Effective Time.

c. In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, section or paragraph of this Agreement is made against or received by any indemnified party (hereinafter “Indemnatee”) hereunder or upon an Indemnatee becoming aware of a fact, condition or event that otherwise constitutes a basis for a claim for indemnification against the Indemnitor (an “Indemnatee’s Claim”), said Indemnatee shall notify the indemnifying party (hereinafter “Indemnitor”) in writing within twenty one (21) calendar days of Indemnatee’s receipt of written notice of said Indemnatee’s Claim, provided, however, that Indemnatee’s failure to timely notify Indemnitor of an Indemnatee’s Claim shall not impair, void, vitiate or invalidate Indemnitor’s indemnity obligations hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect to the extent Indemnatee’s delay in notifying Indemnitor does not, prejudice Indemnitor’s right or ability to defend or indemnify the Indemnatee’s Claim. Upon its receipt of any or all Indemnatee’s Claim(s), Indemnitor shall diligently and vigorously defend, compromise or settle said Indemnatee’s Claim at Indemnitor’s sole and exclusive cost and expense and shall promptly provide Indemnatee evidence thereof within fourteen (14) calendar days of the final, unappealable resolution of said Indemnatee’s Claim. Upon the receipt of the written request of Indemnatee, Indemnitor shall within two (2) calendar days provide Indemnatee a true, correct, accurate and complete written status report regarding the then current status of said Indemnatee’s Claim. Prior to an Indemnification Default (as defined herein), Indemnatee may not settle or compromise an Indemnatee’s Claim without Indemnitor’s prior written consent. Failure to obtain such consent shall be deemed a forfeiture by Indemnatee of its indemnification rights hereunder. In the event that Indemnitor fails or refuses to indemnify, save, defend, protect or hold Indemnatee harmless from and against an Indemnatee’s Claim (or in the event sufficient funds are not available for such indemnification) and/or to diligently pursue the same to its conclusion, or in the event that Indemnitor fails to timely report to Indemnatee the status of its efforts to reach a final resolution of an Indemnatee’s Claim, on seven (7) calendar days prior written notice to Indemnitor during which time Indemnitor may cure any alleged default hereunder, the foregoing shall immediately, automatically and without further notice be an event of default hereunder (an “Indemnification Default”) and thereafter Indemnatee may, but shall not be obligated to, immediately and without notice to Indemnitor, except such notice as may be required by law and/or rule of Court, intervene in and defend,

settle and/or compromise said Indemnatee's Claim at Indemnitor's sole and exclusive cost and expense, including but not limited to attorneys' fees, and, thereafter, within seven (7) calendar days of written demand for the same Indemnitor shall promptly reimburse Indemnatee all said Indemnatee's Claims and the reasonable costs, expenses and attorneys' fees incurred by Indemnatee to defend, settle or compromise said Indemnatee's Claims.

d. In addition to the forging, Old Operator, Seller, and Aryeh Stern shall indemnify New Operator for any Losses or other costs incurred directly or indirectly, including any reduction in the cash or cash equivalents transferred pursuant to Section 2.c.2.(vii), in connection with (i) New Operator's requirements to comply with that May 1, 2020 letter from the Office of the Attorney General of the State of New Jersey ("AG Letter") related to document preservation related to Covid-19, and (ii) Old Operator's failure to comply with the AG Letter prior to the Closing Date. The forgoing obligations are direct and primary obligations guaranteed by Seller and Aryeh Stern, evidenced by their signature attached hereto

e. The parties' obligations under this Section 15 shall survive the Closing in accordance with Section 12(f) of the APA; provided any claims related to any Recapture Claims shall survive for 24 months following the Closing provided such claims relates to prior to the Reference Date.

16. REPRESENTATIONS AND WARRANTIES OF NEW OPERATOR. As an inducement to Old Operator to enter into this Agreement, New Operator covenants and makes the following representations and warranties set forth below, which are true and correct as of the Date hereof and which shall be true and correct on the Closing Date:

a. Organization and Authority. New Operator is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and as of the Closing Date will have, all necessary power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individual executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by New Operator and is enforceable against New Operator in accordance with its terms.

b. No Violations. Neither the execution and delivery of this Agreement, or any agreement referred to or contemplated hereby, by New Operator will:

i. Violate any provision of its Operating Agreement; or

ii. Be in conflict with constitute a default or create a right of termination or cancellation under any agreement or commitment to which New Operator is a party.

c. No Broker. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions

contemplated by this Agreement or any Other Document based upon arrangements made by or on behalf of New Operator.

d. Accuracy of Representations and Warranties of New Operator. No representation or warranty by or on behalf of New Operator contained in this Agreement and no statement by or on behalf of New Operator in any certificate, list, exhibit, schedule or other instrument furnished or to be furnished to Old Operator by or on behalf of New Operator pursuant hereto contains any untrue statement of fact, or omits or will omit to state any facts which are necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading in any respect.

e. Survival of Representations and Warranties of New Operator. Each representation and warranty of New Operator hereunder shall be true, complete and correct as of the Closing Date with the same force and effect as though such representation or warranty was made on such Date, and all representations and warranties shall survive the Closing.

17. REPRESENTATIONS AND WARRANTIES OF OLD OPERATOR. Except as set forth in the Old Operator Disclosure Schedules and as an inducement to New Operator to enter into this Agreement, Old Operator covenants and makes the following representations and warranties, which are true and correct as of the Date hereof and which shall be true and correct as of the Closing Date, provided only those representations made in Section 17.a, d, j, l, m, u, z, bb, and cc shall be remade as of the Closing Date:

- a. Organization and Authority. Old Operator is a New Jersey limited liability company that validly exists under the laws of the New Jersey. Old Operator has full power and right to enter into and perform its obligations under this Agreement and the Other Documents. The execution and delivery of this Agreement and the Other documents to which Old Operator is a party and the consummation of the transactions contemplated hereby and thereby (1) have been duly authorized by all necessary action on the part of Old Operator, (2) do not require any governmental or other consent and (3) will not result in the breach of any agreement, indenture or other instrument to which Old Operator is a party or is otherwise bound.
- b. Reserved.
- c. Environmental Condition. To the best of Old Operators Knowledge, Old Operator has not generated, stored or released any Hazardous Substance on the Property, and there is not currently any Hazardous Substance on the Property prior to the Reference Date unless otherwise disclosed on a Phase I environmental report.
- d. Leases. All facility leases shall be terminated as of the Closing Date, and as of the there shall be, no occupancy rights (written or oral), leases or tenancies presently affecting the Property or the Facility and the portion of the Property

which it is located, other than any occupancy rights of any residents of the Facility.

- e. Permits. Old operator will leave the permits and license in its possession at the facility.
- f. Required Consents. To the best of Old Operators Knowledge, no consent, order, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required in connection with the execution or delivery by Old Operator of this Agreement, or the performance of the transactions contemplated thereunder, except (1) approval by DOH of the Licensure, (2) such consents, certifications or licenses from the DOH, United States Department of Health and Human Services, CMS or any other governmental agency with jurisdiction over the Facility as are necessary to permit Old Operator to operate the Facility prior to the Closing Date and (3) any HUD or Lender consents and Approvals.
- g. RESERVED.
- h. Litigation. Except as set forth in Schedule 17(m), to the best of Old Operators Knowledge as of the Reference Date, there are no pending or threatened litigation, investigations, claims, lawsuits, governmental actions or other proceedings, including without limitation, any desk audit or full audit, involving the Transferred Assets, or the operation thereof before any court, agency or other judicial, administrative or other governmental or quasi-governmental body or arbitrator.
- i. Compliance with Applicable Laws. The Transferred Assets have been and are presently used and operated in compliance with, and in no way violate any Applicable Law in any material respect affecting the Transferred Assets or any part thereof. In addition, no waivers have been obtained or are required to make the representations contained in this Section 17(i) fully true and correct and not misleading in all respects.
- j. Taxes. Old Operator has timely filed all Tax Returns or on extension and reports required by law to have been filed by it and has paid all taxes and governmental charges due and payable with respect to such returns.
- k. RESERVED.
- l. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Other Document based upon arrangements made by or on behalf of Old Operator.
- m. No Defaults. The execution, delivery and performance of this Agreement and any of the Other Documents by Old Operator does not and will not:

- n. AS IS. EXCEPT AS EXPRESSLY PROVIDED TO THE CONTRARY HEREIN, NEW OPERATORS ACKNOWLEDGE THAT THEY ARE PURCHASING THE ASSETS IN RELIANCE SOLELY ON: (I) NEW OPERATORS' INDEPENDENT INSPECTION AND INVESTIGATION OF THE ASSETS BASED ON NEW OPERATORS' EXTENSIVE EXPERIENCE IN AND KNOWLEDGE OF SKILLED NURSING FACILITIES OPERATIONS IN THE VICINITY OF THE FACILITIES; (II) THE OPINIONS AND ADVICE CONCERNING THE ASSETS OF CONSULTANTS AND/OR AGENTS ENGAGED BY NEW OPERATORS AND (III) THE LIMITED REPRESENTATIONS AND WARRANTIES PROVIDED BY EXISTING OPERATORS IN THIS AGREEMENT.

NEW OPERATORS ACKNOWLEDGE THAT THEY WILL PERFORM ALL INVESTIGATIONS OF AND WITH RESPECT TO THE ASSETS AS THEY DEEM APPROPRIATE. UPON THE CLOSING DATE, EXCEPT AS EXPRESSLY PROVIDED TO THE CONTRARY IN THE THIS AGREEMENT, NEW OPERATORS SHALL ACCEPT THE ASSETS, AND ALL MATTERS RELATING TO THE ASSETS, IN THEIR "AS IS," "WHERE IS" CONDITION OR STATUS AS OF THE CLOSING DATE AND WITHOUT ANY REPRESENTATION OR WARRANTY OTHER THAN THOSE SET FORTH IN THIS AGREEMENT REGARDING THEIR CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, OR COMPLIANCE WITH GOVERNMENTAL LAWS, ORDINANCES OR REGULATIONS, OR WITH ANY OTHER WARRANTY, EXPRESS OR IMPLIED BY LAW OR OTHERWISE. NEW OPERATORS ACKNOWLEDGE AND AGREE THAT, EXCEPT AS MAY BE EXPRESSLY OTHERWISE SET FORTH IN THIS AGREEMENT EXISTING OPERATORS ARE NOT MAKING ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER WITH RESPECT TO THE ASSETS. NEW OPERATORS WARRANT AND REPRESENT THAT THEY HAVE NOT RELIED UPON AND WILL NOT RELY ON, EITHER DIRECTLY OR INDIRECTLY, ANY WARRANTY OR REPRESENTATION OF EXISTING OPERATORS NOT EXPLICITLY SET FORTH IN THIS AGREEMENT.

THE TERMS AND CONDITIONS OF THIS SECTION 17.N SHALL EXPRESSLY SURVIVE THE CLOSING. EXISTING OPERATORS SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE ASSETS FURNISHED BY THEM, ANY EMPLOYEE, AGENT OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH IN THIS AGREEMENT. NEW OPERATORS ACKNOWLEDGE THAT THE CONSIDERATION REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS CLOSING AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE ASSETS

(SUBJECT TO THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT), EXCEPT AS SET FORTH IN THIS AGREEMENT. NEW OPERATORS HAVE FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT WITH THEIR COUNSEL AND UNDERSTAND THE SIGNIFICANCE AND EFFECT THEREOF.

i. Conflict with or result in any breach of the provisions of, or constitute a default under any Old Operator's certificate of formation or operating agreement;

ii. Violate any restriction to which Old Operator is subject or, with or without the giving of notice, the passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any mortgage, deed of trust, license, material lease, indenture or other material agreement or instrument, whether oral or written, to which Old Operator or the Facility is a party, or by which it or its property is bound, which will not be satisfied or terminated on or prior to the Closing as a result of the transactions contemplated in this Agreement, or result in the termination of any such instrument or termination of any provisions in such instruments that will have a material adverse effect upon or result in the creation or imposition of any Lien upon the Transferred Assets; or

iii. Constitute a violation of any applicable law by which Old Operator or the Facility is subject, the violation of which will have a material adverse effect upon the Facility.

o. Health Care Matters.

i. To the best of Old Operators Knowledge, All material Medicare and Medicaid provider agreements, certificates of need, if applicable, certifications, governmental licenses, permits, regulatory agreements or other agreements and approvals, including certificates of operation, completion and occupancy, and state nursing facility licenses or other licenses required by DOH or any other health care authorities for the legal use, occupancy and operation of the Facility (collectively, "Health Care Licenses") have been obtained by the party required to hold such Health Care Licenses and are in full force and effect. Old Operator will own and operate the Facility in such a manner that the Health Care Licenses shall remain in full force and effect. Set forth on Schedule 17(n) attached hereto is a list of the Facility's Medicare and Medicaid provider numbers and a list of all Health Care Licenses.

ii. To the best of Old Operators Knowledge, The Facility is duly licensed as a skilled nursing facility as required under the applicable laws of the State of New Jersey. All licensed beds at the Facility are certified for both

Medicare and Medicaid. The licensed bed capacity of the Facility is as set forth on Schedule 17(n) attached hereto, the actual bed count operated at the Facility is as set forth on Schedule 17(n) and all such beds are certified for participation in the Medicare and Medicaid reimbursement programs. Except as disclosed in Schedule 17(n), Old Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or to amend or otherwise change the Facility and/or the number of beds approved by DOH (or any subdivision) or other applicable state licensing agency, and except as disclosed in Schedule 17(n), there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

iii. The Health Care Licenses (i) have not been (A) transferred to any location other than the location for which issued or (B) pledged as collateral security or unless such pledge will be released at Closing, (ii) are held free from restrictions or known conflicts that would materially impair the use or operation of the Facility as intended, and (iii) are not provisional, probationary, or restricted in any way.

iv. Except as disclosed in Schedule 17(n), Old Operator has not taken any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor or scope of any Health Care License or applicable provider payment program other than non-material alterations effected in the Ordinary Course of Business.

v. Except as disclosed in Schedule 17(n), Old Operator is in material compliance with the requirements for participation in the Medicare and Medicaid programs with respect to the Facility and Old Operator has a current provider agreement under Title XVIII and/or XIX of the Social Security Act which is in full force and effect. Except as disclosed in Schedule 17(n), as of the effective Date neither Old Operator nor the Facility has any outstanding and unrectified, with respect to the Facility:

1. A notice of "immediate jeopardy" violations;
2. A notice of termination of the license issued by DOH to operate a Facility for the number skilled beds in effect as of the Date hereof;
3. A notice of termination of the certification issued by DOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
4. A notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;

5. A notice that the Facility has been placed, or will be placed, on the special focus facilities list;

6. A notice that the Facility will be prohibited from admitting, or will not be reimbursed for, new residents; and

7. A notice of imposition of civil monetary penalties or other intermediate sanctions in accordance with 42 CFR § 488.430 et seq.

vi. Except as disclosed in Schedule 17(s), as of the Effective Date, neither Old Operator nor the Facility is a target of, participant in, or party to any action, proceeding, suit, audit, investigation or sanction by any Governmental Authority or any other administrative or investigative body or entity or any other third party payor or any resident (including, without limitation, whistleblower suits, or suits brought pursuant to federal or state false claims acts, and Medicaid/Medicare/state fraud/abuse laws, but excluding medical malpractice claims and other civil liability lawsuits for which Old Operator or the Facility is maintaining insurance coverage in the Ordinary Course of Business) which would reasonably be expected to result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Governmental Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible residents, or any other civil or criminal remedy, or which could reasonably be expected to have a material adverse effect on Old Operator, or the operation of the Facility, including, without limitation, the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Health Care License, or affect Old Operator's and the Facility's participation in the Medicare, Medicaid, or third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor to the knowledge of Old Operator has any such action, proceeding, suit, investigation or audit been threatened.

vii. There are no agreements with residents of the Facility or with any other persons or organizations that deviate in any material adverse respect from or that conflict with any statutory or regulatory requirements.

viii. Other than the Medicare and Medicaid programs, neither Old Operator nor the Facility is a participant in any federal, state or local program whereby any federal, state or local government or quasi-governmental body, or any intermediary, agency, board or other authority or entity may have the right to recover funds with respect to the Facility by reason of the advance of federal, state or local funds, including, without limitation, those authorized under the Hill-Burton Act (42 U.S.C. 291 *et seq.*). Neither Old Operator nor the Facility has received notice of, and there is no violation of, applicable antitrust laws by Old Operator in connection with the Facility.

ix. Old Operator has in place a compliance policy.

x. To the best of Old Operators Knowledge, Except as disclosed in Schedule 17(n), Old Operator is in material compliance with the Health Care Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated under each.

xi. Except as disclosed in Schedule 17(n), there is no pending or, to Old Operator's knowledge, threatened revocation, suspension, termination, probation, restriction, limitation or non-renewal affecting Old Operator or the Facility or any provider agreement with any third-party payor, Medicare or Medicaid.

xii. All Medicare, Medicaid, and private insurance cost reports and financial reports submitted by or on behalf of the Facility are materially accurate and complete and are not misleading in any material respects. Except as disclosed in Schedule 17(n), there are no current, pending or outstanding Medicare, Medicaid or other third-party payor program reimbursement audits or appeals pending at the Facility. Except in the normal course of business, there are no cost report years that are subject to audits and no cost reports remain "open" or unsettled. Except in the normal course of business, there are no current or pending Medicare, Medicaid or third-party payor program recoupment efforts at the Facility.

xiii. Except as disclosed in Schedule 17(n), there have been no clawback or overpayment claims made or, to the knowledge of Old Operator, threatened, against Old Operator or with respect to operations at the Facility by Medicare, Medicaid or any third-party payor during the previous three (3) years. Old Operator has provided, or will provide, to Purchaser a complete and accurate list of all rate adjustments made by Medicare or Medicaid with respect to Old Operators and the Facility during the previous three (3) years, and shall provide Purchaser an updated list as of the Reference Date.

xiv. RESERVED.

xv. RESERVED.

xvi. RESERVED.

p. Labor Unions. Old Operator is a party to a collective bargaining agreement with any labor union or similar organization.

q. Multi-Employer Plans. Old Operator does not, and is not required to, contribute (and has not ever contributed or been required to contribute) to any multi-employer plan, as defined in Section 3(37) of the Employee Retirement

Income Security Act of 1974, as amended ("ERISA") with respect to the Current Employees.

- r. Employee Benefit Plans. Except as provided in Schedule 17(q):
 - a. Old Operator does not maintain or contribute to any non-qualified deferred compensation or retirement plans, contracts or arrangements;
 - b. Old Operator does not maintain or contribute to any qualified defined contribution plans (as defined in Section 3(34) of ERISA, or Section 414(i) of the Internal Revenue Code of 1986, as amended (the "Code"));
 - c. Old Operator does not maintain or contribute to any qualified defined benefit plans (as defined in Section 3(35) of ERISA or Section 414(j) of the Code);
 - d. Old Operator does not maintain or contribute to any employee welfare benefit plans (as defined in Section 3(1) of ERISA); and
 - e. Old Operator has not entered into, nor has Old Operator established or maintained, any change-in-control or severance agreements or plans.
- s. Environmental Condition. To the best of Old Operators Knowledge Old Operator has not generated, stored or disposed of any Hazardous Substances on the Facility or the Property, and Old Operator does not have any knowledge of any previous or present generation, storage, disposal or existence of any Hazardous Substance or hazardous waste on the Facility or the Property, except in such quantities that is customary in the operation of skilled care and in all events in compliance with all Environmental Laws, other than as disclosed on a Phase I environmental Report.
- t. RESERVED.
- u. Financial Materials. To the best of Old Operator Knowledge, all materials and/or documents relating to the financial condition and/or census of the Facility, provided to New Operator, are true and complete in all material respects.
- v. Intellectual Property. Old Operator does not own any material intellectual property in connection with or applicable to the Property or the other assets, including any registered trade names, logotypes, trademarks or copyrights other than disclosed in this agreement.
- w. Insurability. Old Operator has not received any written notice or request from any insurance company or underwriters setting forth any defects in the Property which might affect the insurability thereof, requesting the performance of any work or alteration of the Property or setting forth any

defect or inadequacy in Old Operator's operation of the Property which would materially and adversely affect the ability of New Operator to insure the Facility following Closing. Attached hereto as Schedule 17(v) are copies of the current insurance certificates for the Facility.

- x. Special Assessments. There are no (i) pending or threatened special assessments affecting the Property or (ii) any contemplated improvements affecting the Property that may result in special assessments affecting the Property. There are no tax abatements, phase-ins or exemptions affecting the Property.
- y. Personal Property; Liens. All of the Personal Property is located at or on the Property..
- z. Leases. There are not currently, and as of the Closing Date there shall not be, any occupancy rights (written or oral), leases or tenancies presently affecting the Facility and the portion of the Property on which it is located, and any occupancy rights of any residents of any Facility other than Resident Agreements other than disclosed to New Operator or their affiliates.
- aa. Permits. To the best of Old Operators Knowledge, Old Operator currently maintains in good standing and full force all of the material certificates, licenses and permits from all applicable governmental authorities in connection with the ownership, use, occupancy, operation and maintenance of the Property and the Facility as necessary in connection with the current ownership, use, occupancy, operation and maintenance thereof.
- bb. COVID Funds. A description of all COVID Funds received with respect to the Facility is set forth on Schedule 17(aa) hereof. To Old Operator's knowledge, Old Operator has applied for and utilized, as applicable, all COVID Funds in accordance with applicable law. For purposes of this Agreement, "COVID Funds" shall mean all grants, funds or payments from state or federal sources (including, without limitation, pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Economic Injury Disaster Loan program, Medicare advance payments, loans in connection with Paycheck Protection Program, deferral of payroll taxes or other governmental economic benefits) in each case received with respect to or pertaining to the Facility as a result of the COVID-19 pandemic. All COVID Funds received by Old Operator are set forth on Schedule 17(aa) attached hereto.
- cc. Truth and Accuracy of Representations and Warranties. To the Best of Old Operators Knowledge, and to the best of their ability, no representation or warranty by or on behalf of Old Operator contained in this Agreement and no statement by or on behalf of Old Operator in any certificate, list, exhibit or other instrument furnished or to be furnished to New Operator by or on behalf of Old Operator pursuant hereto contains any untrue statement of fact.

dd. Survival of Representations and Warranties. The representations and warranties of Old Operator contained herein shall survive the Closing in accordance with the Section 12(f) of the APA.

18. NO JOINT VENTURE. Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement.

19. EXHIBITS AND SCHEDULES. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable but in any event prior to ten (10) days before the Closing Date. To the extent any updated schedule results in a breach of any representation or warranty herein and such change is a result of any deliberate action by Old Operator or Seller, New Operator's obligations to close pursuant to this Agreement shall be conditioned upon New Operator approving all exhibits and schedules within seven (7) days of submission thereof to New Operator, failure to object shall be consent of the approval. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Closing Date.

20. EVENTS OF DEFAULT; REMEDIES. Except as to those specific notices and cure periods, if any, particularly set forth elsewhere herein, the breach by either party ("Defaulting Party") hereto of any term, provision, condition, promise, covenant, agreement, representation, warranty, guaranty, indemnity, duty or obligation if not cured within five (5) Business Days of the earlier of said Defaulting Party's receipt or refusal of written notice of the same from the other party ("Non-Defaulting Party") hereto shall automatically and without further notice hereunder be an immediate event of default ("Event of Default") entitling the Non-Defaulting Party to exercise any and all remedies available to it hereunder or in law or equity, including seeking specific performance and/or monetary damages, provide in no such case shall either party be permitted to terminate this Agreement. The Non-Defaulting Party's rights and remedies hereunder shall be cumulative and not mutually exclusive and the exercise by the Non-Defaulting Party of one or more rights or remedies granted it hereunder or in law or equity shall not be deemed, interpreted or construed as an election of the same or to bar, prevent or preclude the simultaneous or consecutive exercise of any other right or remedy granted to the Non-Defaulting Party hereunder or in law or equity, including but not limited to the simultaneous or successive pursuit of money damages and injunctive relief. The Non-Defaulting Party shall not be required to post any bond, surety or security of any nature whatsoever to pursue injunctive relief, the necessity or requirement for the same being hereby waived by the Defaulting Party.

21. CHOICE OF LAW. THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS SHALL BE GOVERNED AND CONTROLLED BY THE INTERNAL LAWS OF THE STATE OF NEW JERSEY AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS.

22. RESERVED.

23. DISPUTE RESOLUTION. All disputes of the parties arising out of or relating in any way to this Agreement, or any document or agreement between the parties or their Affiliates related to the Facilities, shall be resolved first by attempting to talk through the issue with the other party or using mediation if either group believes it would be helpful prior to initiating arbitration, and reaching resolution. If such attempts fail, such disputes shall be resolved by arbitration before a panel of three arbitrators (each an "Arbitrator", and together, the "Arbitrators"). The Arbitrators shall be chosen as follows: New Operator chooses Eric Lindenauer as the first Arbitrator. Old Operator chooses Rabbi Dov Kahan as the second Arbitrator. The first and second Arbitrators shall between themselves choose the third Arbitrator. In the event New Operator or Old Operator desire to change its choice of Arbitrator, it shall be allowed to choose a new Arbitrator who they believe to be knowledgeable in the nursing home industry, fair and free of material conflict, however such new choice of Arbitrator shall need approval of the other party which approval shall not be unduly denied, conditioned or delayed. If a proposed arbitrator is rejected, the proposing party may ask for the reasons for the rejection in writing and the other party shall provide the same within one Business Day. In the event of any dispute hereunder, either party may submit the dispute in writing (with sufficient specificity and factual detail relating the contentions of each party) to the Arbitrators, and the Arbitrators shall review the dispute, speak with the parties, permit the parties to submit evidence, permit the parties to call and cross examine witnesses and decide the dispute in writing. The Arbitrators shall have no power to alter or modify any express provision of this Agreement or to render an award, which has the effect of altering or modifying any express provision hereof.

24. JURISDICTION; VENUE. EXCEPT AS PROVIDED OTHERWISE IN THIS AGREEMENT, IN THE EVENT ANY DISPUTE BETWEEN THE PARTIES HERETO RESULTS IN LITIGATION, OR TO THE EXTENT A PARTY MUST GO TO A COURT OF LAW TO ENFORCE A JUDGMENT ARRIVED AT THROUGH ARBITRATION PURSUANT TO SECTION 23 OF THIS AGREEMENT, ALL SUCH ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT ARISING OUT OF OR FROM OR RELATED TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREIN SHALL BE LITIGATED IN COURTS HAVING SITUS IN THE STATE OF NEW JERSEY OR THE U.S. COURT WITH JURISDICTION THEREOF. EACH OF THE PARTIES HERETO HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID STATE. EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PARTIES BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY, AT THE ADDRESS SET FORTH FOR NOTICE IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST SUCH PARTY IN ACCORDANCE WITH THIS SECTION.

25. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings (all terms used in this Agreement which are not defined in this paragraph shall have the meanings set forth elsewhere in this Agreement):

26. COVID-19 PAYMENTS. New Operator acknowledges that Old Operator or their Affiliates have received, and may continue to receive after the Closing Date funds made available to Old Operator pursuant to the Coronavirus Aid, Relief and Economic Security Act ("CARES Act Payments"), and/or certain other stimulus funds related to COVID-19 which are not CARES Act Payments ("Other COVID-19 Funds").

a. Old Operator shall retain any CARES Act Payments or Other COVID-19 Funds received prior to Reference Date, to the extent permitted by applicable law and in accordance with all such laws. Notwithstanding anything in this Agreement to the contrary, in the event that Old Operator receives any grant payments, stimulus payments, retroactive rate adjustments, and any and all other payments and support paid with respect to the Facility in relation to COVID-19 relief efforts following the date of this Agreement but prior to Closing ("COVID Payments"), such amounts will be utilized by Old Operator only in the operation of the Facility to cover direct, actual COVID-19-related expenses incurred by Old Operator prior to Closing and in accordance with the laws governing such COVID Payments, and in all events 50% of such funds received after the Reference Date shall be included in the Transferred Assets at the Closing. In the event that at least 50% of such COVID Payments cannot or otherwise have not been expended by Old Operator on COVID-19-related expenses prior to the Closing Date, then prior to returning any such COVID Payments to the applicable Governmental Authorities, if required by Applicable Law, Old Operator shall cooperate in good faith with New Operator to take whatever steps are reasonably necessary to ensure that the Facility receives the benefit of such COVID Payments on and after the Closing Date (which may include transferring the COVID Payments to New Operator if allowed under Applicable Law, acquiring additional personal protective equipment to be used by New Operator on and after the Closing, or otherwise working with New Operator to ensure that it is able to receive the benefit of the COVID Payments in a manner consistent with Applicable Law and to benefit the interest of the Facility and its residents). Without intending to limit the foregoing, Old Operator shall ensure that the Facility will have on hand an adequate stock of personal protective equipment for the Facility, in any event not less than 7 days' worth based on the Facility's then current usage rate, all of which shall transfer to New Operator at Closing.

b. To the extent that additional CARES Act Payments or Other Covid-19 Funds are received by Old Operator after the Closing Date, and such payments remittances specifically designate that those payments are to be used by the Facility for the period on or following the Closing Date, Old Operator shall, if permitted by law, remit such funds to New Operator within five (5) business days, or if not permitted to pay such funds directly to New Operator, shall work in good faith with New Operator to enable New Operator to receive such funds, if permitted by applicable law, including promptly returning funds received to the appropriate governmental agency if required.

c. To the extent that any CARES Act Payments or Other COVID-19 Funds are received under Old Operator's provider numbers or tax identification numbers or are received by New Operator after the Closing Date and which specifically relate to the period prior to the Closing Date, to the extent permitted by applicable legal requirements,

New Operator shall remit any such funds received by New Operator to Old Operator within five (5) business days and/or cooperate with Old Operator in good faith to address remittance to Current Operator of such funds. To the extent that New Operator is prohibited from remitting such funds to Old Operator pursuant to applicable legal requirements, New Operator shall reasonably cooperate with Old Operator in good faith to address such funds in accordance with applicable legal requirements, including, without limitation, returning such funds to the applicable Governmental Authorities if required by applicable legal requirements and reasonably cooperating with Old Operator in applying for or otherwise requesting the applicable Governmental Authorities to reissue such funds to Old Operator. Nothing in this Agreement shall be construed to prohibit New Operator from applying for and receiving any CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds with respect to their operation of the Facility from and after the Closing Date.

d. If, at the time of Closing, Old Operator has received funds from the Paycheck Protection Program ("PPP") which funds have not been either (i) forgiven in writing by the Small Business Administration or the PPP lender as applicable, or (ii) repaid in full, then Old Operator shall comply with the requirements set forth in the SBA Procedural Notice effective as of October 2, 2020 (the "SBA Notice"), including, but not limited to, completion and submission of a forgiveness application to the PPP lender and establishing an escrow with such lender as required by the SBA Notice.

e. The Parties shall comply with all applicable laws related to the COVID Payments, PPP loans, and Advances described herein. The Parties will reasonably cooperate with any information requests related to COVID Payments, PPP loans, and Advances in order to comply with regulatory and reporting requirements.

f. In the event that Old Operator has received any advance on Medicare payments with regard to the Facility ("Advances") at any time prior to the Reference Date that have not been re-paid prior to Reference Date, Old Operator shall pay to New Operator on the Reference Date an amount equal to 100% of all such outstanding and unpaid or recouped Advances to be paid back by New Operator.

27. GENERAL PROVISIONS.

a. Each party hereto agrees to use commercially reasonable efforts to cause the conditions to its obligations and to the other party's obligations herein set forth to be satisfied at or prior to the Closing Date. Each of the parties hereto agrees to execute and deliver any further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder. Each party shall promptly notify the other party of any information delivered to or obtained by such party which would prevent the consummation of the transactions contemplated hereby, or which would indicate a breach of the representations or warranties of any other party hereto.

b. All notices to be given by either party to this Agreement to the other party

hereto shall be in writing, and shall be: (i) given in person; (ii) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested; (iii) sent by national overnight courier service, priority next business day service; or (iv) sent by facsimile or e-mail each addressed as follows:

if to Old Operator: Lakeland Operations LLC
4201 Route 9
Howell, NJ 07731
Email: ZRothschild@autumnhc.net

with a copy to: Zev Rothschild, Esq.
4201 Route 9
Howell, NJ 07731
Email: ZRothschild@autumnhc.net

if to New
Operator: Lakeland Operator
15 America Ave
Lakewood, NJ 08701
Email: dovgreen22@gmail.com

with a copy to: GUTNICKI LLP
4711 Golf Road, Suite 200
Skokie, Illinois 60076
Attention: Aaron Rokach, Esq.
Email: arokach@gutnicki.com

Any such notice personally delivered shall be deemed delivered when actually received; any such notice deposited in, the United States mail, registered or certified, return receipt requested, with all postage prepaid, shall be deemed to have been given on the earlier of the date received or the date when delivery is first refused; any notice deposited with an overnight courier service for delivery shall be deemed delivered on the next business day following such deposit; and any such notice delivered via facsimile shall be deemed delivered upon the notifying party's receipt of facsimile confirmation provided that the notifying party follows up such facsimile transmission with one of the other means identified above. Any party to whom notices are to be sent pursuant to this Agreement may from time to time change its address for further communications thereunder by giving notice in the manner prescribed herein to all other parties hereto.

c. Each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

d. This Agreement, together with all exhibits and schedules attached hereto and any other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior

discussions and preliminary agreements.

e. This Agreement may not be modified or amended except in writing signed by the parties hereto.

f. No waiver of any term, provision or condition of this Agreement, if any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

g. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns, provided that the obligations set forth in Section 15 d. shall not inure to the benefit of New Operators successors and assigns without the written consent of Aryeh Stern. Captions of paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the paragraphs they precede.

h. All understandings and agreements heretofore and between the parties are merged in this Agreement and all exhibits and schedules attached hereto, which alone fully and completely expresses their agreement.

i. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

j. RESERVED.

k. Each party hereto agrees to use such party's reasonable best efforts to cause the conditions to such party's obligations herein set forth to be satisfied at or prior to the Closing. Each of the parties agrees to execute and/or deliver any and all further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by any other party to assist with consummation of the transactions contemplated herein, or to evidence its rights hereunder.

l. The recitals set forth at the beginning of this Agreement constitute an integral part of this Agreement and are hereby incorporated by reference herein and made apart hereof as if fully set forth herein.

m. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all"; "or" shall mean "or" "including" shall mean "including without limitation.

n. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not

be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

o. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the day and year first above written.

OLD OPERATOR:

Lakeland Operations LLC,
a New Jersey limited liability company

By: 
Name: Aryeh Stern
Its: Manager

NEW OPERATOR:

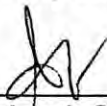
Lakeland Operator LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

The undersigned hereby join this Agreement solely with respect to their guaranty obligations set forth in Section 15(d) herein:

Seller:

Omni II LLC,
a New Jersey limited liability company

By: 
Name: Aryeh Stern
Its: Manager

ARYEH STERN



IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the day and year first above written.


OLD OPERATOR:

Lakeland Operations LLC,
a New Jersey limited liability company

By: _____
Name: _____
Its: _____

NEW OPERATOR:

Lakeland Operator LLC,
a Delaware limited liability company

By:  _____
Name: Dov Green
Its: Partner

The undersigned hereby join this Agreement solely with respect to their guaranty obligations set forth in Section 15(d) herein:

Seller:

Omni II LLC,
a New Jersey limited liability company

By: _____
Name: _____
Its: _____

ARYEH STERN

EXHIBIT C

DEFINITIONS

The terms defined in this Exhibit C, whenever and wherever used in this Agreement (including in all Exhibits and Schedules, unless otherwise defined therein), shall have the respective meanings ascribed to them below for all purposes of this Agreement (each such meaning to be equally applicable to the singular and the plural forms of the respective terms defined). All reference herein to a Section, Exhibit or Schedule are to a Section, Schedule or Exhibit of or to this Agreement, unless otherwise indicated. The words “hereby”, “herein”, “hereof”, “hereunder” and words of similar import refer to this Agreement as a whole (including all Exhibits and Schedules hereto) and not merely to the specific section, paragraph or clause in which such word appears. The words “include”, “includes”, and “including” shall be deemed to be followed by the phrase “without limitation.” Unless the context requires otherwise, the word “or” shall not be interpreted as an expression of either state of possibility but shall be construed to mean “and/or.” Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

“Accounts Receivable” means all accounts and notes receivables (whether current or non-current) of Old Operator, including trade account receivables outstanding as of the Effective Time and any other rights to receive payment as of the Effective Time in respect of services rendered prior to the Effective Time.

“Action” means any claim, controversy, action, cause of action, suit, litigation, arbitration, investigation, opposition, interference, audit, assessment, hearing, complaint, demand or other legal proceeding (whether based in contract, tort or otherwise, whether civil or criminal and whether brought at law or in equity) that is commenced, brought, conducted, tried or heard by or before, or otherwise involving, any Governmental Authority.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such specified Person. For purposes of the foregoing, (a) a Person shall be deemed to control a specified Person if such person (or a Family Member of such Person) possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such specified Person or (b) if such other person is at such time a direct or indirect beneficial holder of at least 25% of any class of equity interests of such specified Person.

“Applicable Law” means, with respect to any Person, any federal, state or local statute, law, ordinance, rule, regulation, writ, Order or other requirement of any Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, members, partners or employees (in connection with such officer’s, director’s member’s, partner’s or employee’s activities on behalf of such person or any of its Affiliates).

“Benefits Plan” means any “employee pension benefit plan” (as defined in Section 3(2) of ERISA, “employee welfare benefit plan (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, equity-based retirement, vacation, severance,

employment agreement, change in control agreement, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former Employee of Old Operator or with respect to which Old Operator has any Liability to contribute.

“Books and Records” means all books, records, resident records, employee records, and other materials pertaining to the Old Operator or the Business of any and every kind, including lists (e.g., business contacts of Old Operator), programs, correspondence, compact disks, compact disk lists, ledgers, files, reports, plans, drawings and operating records of every kind, held or maintained by Old Operator or any of Affiliate of Old Operator, disk or tape files, printouts, runs or other computer-prepared information pertaining to the Transferred Assets or the Business.

“Business” means the business conducted by Old Operator and proposed to be conducted by Old Operator as of the Effective Date.

“Business Day” means any day other than a Saturday, Sunday or a weekday on which banks in New Jersey are authorized or required to be closed.

“CMS” means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“DOH” means the New Jersey Department of Health.

“Environmental Laws” means all federal, state and local statutes, regulations, ordinances, directives and other provisions having the force or effect of law, all judicial and administrative Orders and determinations, all contractual obligations and all common law, in each case concerning public health and safety, worker health and safety, pollution or protect of the environment, including all those relating to the presence, use, production, generation, handling, transportation, storage, disposal, distribution, labeling, testing, processing, discharging, release, threatened release, control or cleanup of any Hazardous Substances, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6921, *et seq.*) and regulations adopted thereunder.

“Existing Contracts” means all of Old Operator’s contracts, leases, subleases, licenses, Permits, purchase and sale orders and any other agreement, commitments or binding arrangements or understandings, whether written or oral, to which Old Operator is a party, including each amendment, modification, renewal or extension or other ancillary document pertaining thereto.

“Governmental Authority” means any federal, state local or municipal government or any subdivision thereof, any regulatory or administrative authority, or any agency or commission or any court, tribunal or judicial or arbitral body.

“has provided,” “made available” and similar formulation means such information in question that was delivered or provided by Old Operator or its Representatives to Purchaser by way of online file sharing, cloud file sharing, email attachments, written correspondences, compact disks, disk or tape files, printouts, compressed file containers or other electronic or physical delivery means.

“Hazardous Substances” means any pollutants, contaminants or chemicals, and any industrial, toxic or otherwise hazardous materials, substances or wastes regulated under any Environmental Laws.

“Indebtedness” means, with respect to any Person, and without duplication, (i) any indebtedness or other obligation for borrowed money; (ii) any obligation incurred for all or any part of the purchase price of property or other assets or for the cost of property or other assets constructed or of improvements thereto, other than accounts payable included in current liabilities and incurred in respect of property purchased in the Ordinary Course of Business; (iii) the face amount of all letters of credit issued for the account of such Person; (iv) obligations (whether or not such Person has assumed or become liable for the payment of such obligation) secured by Liens; (v) capitalized lease obligations; (vi) unfunded obligations for pension, retirement, severance benefits for any officer, director or employee of such Person; (vii) unfunded obligations for deferred compensation for any officer, director or employee of such Person; (viii) all guarantees and similar obligations of such Person; (ix) all bankers acceptances and overdrafts; (x) all interest, prepayment premiums and penalties, and any other fees, expenses, indemnities and other amounts payable as a result of the prepayment or discharge of any indebtedness; (xi) under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (xii) issued or assumed as the deferred purchase price of property or services (other than trade accounts payable or accounts payable to independent contractors), and (xiii) for all accrued interest on, and arising from any breach of, any of the foregoing.

“Liability” means any liability, obligation, claim, Indebtedness, penalty, cost or expenses (including costs of investigation, collection, defense, and environmental remediation or investigation), deficiency, guaranty or endorsement of or by any Person of any type, secured or unsecured, whether accrued, fixed, absolute, or contingent, asserted or unasserted, due or to become due, whether or however arising (including contract, tort, negligence or strict liability), liquidated or unliquidated, known or unknown and whether or not current or long term.

“Lien” means any claim, lien (statutory or otherwise), encumbrance, pledge, Liability, restriction, charge, instrument, license, preference, priority, security agreement, covenant, right of recovery, option, charge, hypothecation, easement, security interest, interest, right of way, encroachment, mortgage, deed of trust, imperfection of title, prior assignments, Tax (including federal, state and local Tax), Order or other encumbrance or charge of any kind or nature whatsoever including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing; (ii) any assignment or deposit arrangement in the nature of a security device; and (iii) any leasehold interest, license or other right, in favor of a Third Party or Old Operator, to use any portion of the Transferred Assets, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled,

noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Loss” means, in respect of an indemnifying party’s indemnification obligations, all direct and indirect Liabilities, judgments, claims, suits, proceedings, settlements, losses, damages, fees, Liens, Taxes, penalties, interest obligations, expenses (including out of pocket costs of investigation and defense and reasonable attorney fees and expenses), and any diminution in value of the Transferred Assets resulting therefrom that are or have been incurred or suffered by an indemnified party.

“Order” means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

“Ordinary Course of Business” means the ordinary course of business of Old Operator consistent with past custom and practice.

“Other Documents” means Bill of Sale, General Assignment, Old Operator Disclosure Schedule, New Lease and any certificates, instruments, agreements and other documents contemplated under this Agreement.

“Permits” means all municipal, state, federal and local consents, Orders, filings, franchises, permits, approvals, certificates, licenses, agreements, waivers, and authorizations issued by, or otherwise granted by, any Governmental Authority that are held by, or used in connection with, or required for, the Business or the Transferred Assets (including all modifications thereto or renewals thereof).

“Person” means any person, firm, corporation, partnership, joint venture, limited liability company, association or other entity (governmental or private).

“Regulatory Approval” means any consent, approval, authorization, waiver, permission, concession, agreement, license, exemption or Order of, or declaration of any Governmental Authority.

“Representative” means, with respect to any Person, any of its attorneys, accountants, agents, consultants or other representatives.

“OIG” means the United States Department of Health and Human Services, Office of Inspector General.

“Old Operator Disclosure Schedules” means the schedules of exceptions to the representations and warranties of Old Operator in this Agreement (which shall be delivered to New Operator by Old Operator prior to the execution and delivery of this Agreement by the parties hereto).

“Old Operator’s Knowledge,” “Knowledge of Old Operator” and similar formulations means the actual knowledge of any director, managing member, managing partner, officer or employee of Old Operator with respect to the relevant fact or other matters at issue or should

have had actual knowledge of such relevant fact or other matter assuming the diligent exercise of such individual's duties as a director, managing member, managing partner, officer or employee of Old Operator, and after reasonable investigation of all employees of Old Operator or any Affiliate thereof reasonably expected to have actual knowledge of such fact or matter.

"Organizational Documents" means certificate of incorporation, articles of incorporation, charter, bylaws, articles of formation, certificate of formation, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates adopted or filed in connection with the creation, formation or organization of a Person, including any amendments, restatements and supplements thereto.

"Tax" and, with correlative meaning, "Taxes" means with respect to any Person (i) all federal, state, local, county, foreign and other taxes, assessments or other government charges, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, ad valorem, value added, transfer, capital stock franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property (real and personal), environmental or windfall profit tax, custom duty or other tax, governmental fee or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not; (ii) liability for the payment of any amounts of the type described in clause (i) above relating to any other Person as a result of being party to any agreement to indemnify such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person; or (iii) liability for the payment of any amounts of the type described in clause (i) arising as a result of being (or ceasing to be) a member of any affiliated group as defined in Section 1504 of the Code, or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax law (or being included (or required to be included) in any Tax Return relating thereto).

"Tax Return" means any report, return, declaration, claim for refund or other information or statement supplied or required to be supplied by Old Operator relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

"Third Party" means any Person other than Old Operator, New Operator or any of their respective Affiliates.

"Transaction Expenses" shall mean (i) the aggregate attorneys', accountants' and brokers' fees and expenses incurred or to be incurred by Old Operator that remain unpaid as of the Effective Time, (ii) the amount of real estate transfer tax imposed by Applicable Law and consistent with payment customs of the location in which the relevant real estate property is located in connection with the transactions contemplated by this Agreement, (iii) payment of all special and betterment assessments, water rates and sewer charges, in each case on a prorated basis and adjusted as of the Effective Time, (iv) Old Operator's Employment Expenses and (v) all other fees and expenses relating to the transfer of Property in accordance with this Agreement (including, without limitation, cost of recording, preparing the Deed and applicable brokerage

commissions), in each case of (i), (ii), (iii) and (iv), to the extent not paid in full prior to or at the Closing or taken in to account on a dollar-for-dollar basis in the reduction of the Purchase Price (as defined in the Purchase Agreement).

“Transferred Assets” means collectively, the Website Materials, telephone number of Old Operator, the Employee Records, the Books and Records of the Facility, the Supplies, the Resident Agreements, the Assumed Contracts, Provider Agreements, and other assets owned by Old Operator and held at or used in connection with the operation of the Facility, including all Operator’s Cash and cash equivalents, Accounts Receivables, and any other accounts receivable, accounts payable, and other liabilities related to the operation of the Facility arising from, generated, received, or incurred on or after the Reference Date.

“WARN Act” means the Worker Adjustment and Retaining Notification Act of 1988, as amended.

The following terms used in this Agreement shall have the meanings set forth in the corresponding Paragraphs, subparagraph, Sections or subsections of this Agreement:

<u>Defined Term</u>	<u>Section</u>
“Agreement”	Recitals
“Effective Date”	Recitals
“Old Operator”	Recitals
“New Operator”	Recitals
“Seller”	Recitals
“Facility”	Recitals
“Personal Property”	Recitals
“Property”	Recitals
“Purchaser”	Recitals
“Purchase Agreement”	Recitals
“Old Lease”	Recitals
“New Lease”	Recitals
“Closing”	Section 1
“Effective Time”	Section 1

“Bill of Sale”	Section 2
“General Assignment”	Section 2
“CMP”	Section 2
“Penalty”	Section 2
“Recapture”	Section 2
“Waiving Party”	Section 2
“Excluded Liabilities”	Section 3
“Excluded Assets”	Section 3
“Supplies”	Section 4
“Patient Trust Funds and Property”	Section 5
“Recapture Claim”	Section 6
“Assumed Contract”	Section 7
“Rejected Contract”	Section 7
“Resident Agreement”	Section 7
“Current Employee”	Section 8
“Old Operator’s Employment Expenses”	Section 8
“Employee Records”	Section 10
“Website Materials”	Section 12
“Provider Agreements”	Section 13
“New Operator’s Indemnitees”	Section 15
“Old Operator’s Indemnitees”	Section 15
“Indemnatee”	Section 15
“Indemnatee’s Claim”	Section 15
“Indemnitor”	Section 15

“Indemnification Default”	Section 15
“Health Care Licenses”	Section 17
“Defaulting Party”	Section 20
“Non-Defaulting Party”	Section 20
“Event of Default”	Section 20
“Disputes”	Section 23
“AAA”	Section 23

Schedule 7(a)

Existing Contracts

See Dropbox for provided contracts and GL Vendor Listing of Applicable Vendors.

Schedule 7(b)

Assumed Contracts

Contracts not to be assigned by Old Operator:

Ultimate Therapy

Schedule 8(c)

Old Operator's Employment Expenses

PTO Schedule provided in Dropbox

Schedule 17(h)

Litigation

Lakeland:

AG request for preservation of evidence related to covid dated early 2020.

Schedule 17(s)

Lakeland has a preservation of evidence request from the AG related to Covid.

Schedule 17(w)
Insurance Certificates

Provided in Dropbox

Schedule 17(bb)

COVID Funds

To be provided in dropbox.

LEASE AGREEMENT

By and Between

Lakeland Realty SNF LLC

and

Lakeland Operator LLC

_____, 2022

25 Fifth Avenue,
Haskell, NJ 07420

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the “Lease”) is made and entered into this ___st day of _____, 2022, by and between Lakeland Realty SNF LLC, a Delaware limited liability company (hereinafter referred to as “Lessor”), and Lakeland Operator LLC, a Delaware limited liability company (hereinafter referred to as “Lessee”).

WITNESSETH:

WHEREAS, Lessor owns certain tracts of land which are improved with a skilled nursing facility, located at 25 Fifth Avenue, Haskell, NJ 07420, as well as any other structures located thereon, all as more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter collectively referred to as the “Demised Premises”);

WHEREAS, Lessor owns the furnishings, furniture, equipment and fixtures used in or about the Demised Premises (hereinafter collectively referred to as the “Personal Property”); and

WHEREAS, Lessor desires to lease the Demised Premises and Personal Property to Lessee and Lessee desires to lease the Demised Premises and Personal Property from Lessor.

NOW THEREFORE, in consideration of the above Recitals, which are incorporated herein by this reference, and of the mutual covenants, agreements and undertakings hereinafter set forth, it is agreed that the use and occupancy of the Demised Premises, and the use of the Personal Property shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

ARTICLE I - DEFINITIONS

1.1 The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meaning herein specified.

(a) “Facility” shall mean the certain facility located at 25 Fifth Avenue, Haskell, NJ 07420, as well as any other structures located on the Demised Premises.

(b) “Mortgage” shall mean the Mortgage (the “HUD Mortgage”) described in the Healthcare Mortgage, Assignment of Leases and Rents and Security Agreement dated January 25, 2017, as thereafter amended from time to time, as assumed by Lessor, and in favor of Capital Funding, LLC, a Maryland limited liability company, and any amendments, modifications or extensions thereof and any mortgages which in the future may encumber the Demised Premises, or any replacement mortgage from any lender in connection with any refinancing thereof, provided that any such amendments, modification, extensions or replacements of the HUD Mortgage or new mortgages comply with the terms of this Lease.

(c) “Lender” shall mean the beneficiary under any Mortgage.

(d) All other terms shall be as defined in other sections of this Lease.

ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY

2.1 Lessor, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, its successors and assigns, to be paid, kept and performed, does hereby lease unto Lessee the Demised Premises together with the Personal Property to be used in and upon the Demised Premises for the term hereinafter specified, for use and operation therein and thereon of the Facility, in substantial compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of New Jersey and such other governmental authorities having jurisdiction thereof.

ARTICLE III - TERM OF LEASE

3.1 The term of this Lease shall commence on _____, 2022 (the "Commencement Date"), and shall extend for a period of ten (10) years (the "Initial Term"), unless sooner terminated or extended as provided herein.

ARTICLE IV - RENT

4.1 From and after the date hereof, Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as fixed monthly base rental (the "Base Rent") for the Demised Premises and the Personal Property over and above all other and additional payments to be made by Lessee as provided in this Lease, an amount equal to debt service payments payable by Lessor to Lender for the Mortgage loan.

Additionally, from and after the date hereof, Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as additional rent (the "Additional Rent") for the Demised Premises and the Personal Property over and above all other and additional payments to be made by Lessee as provided in this Lease, an amount mutually agreed upon by the Lessor and Lessee.

All rental payments, together with all tax and insurance deposits provided for in this Lease, shall be paid in arrears on the first day of each month. Unless otherwise notified in writing, Lessor directs Lessee to deliver all rental payments payable to Lessor, pursuant to payment directions provided by Lessor.

4.2 This Lease is and shall be deemed and construed to be a net-net lease and the Base Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Demised Premises which may arise or become due during the term of this Lease, except for any principal and interest payments due with respect to any Mortgage. Lessee does hereby agree to indemnify, defend and hold harmless the Lessor against any and all such costs, expenses and obligations.

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4.3 Notwithstanding anything to the contrary contained in this Lease or any rider or addendum thereto, at no point shall annual lease payments hereunder be less than an amount equal to one hundred five percent (105%) of (i) the principal and interest due under the Mortgage, plus (ii) any mortgage insurance premium due under the Mortgage, plus (iii) the replacement reserve deposits due under the Mortgage, tax escrow deposits due under the Mortgage and insurance escrow deposits due under the Mortgage.

ARTICLE V - INTENTIONALLY OMITTED

ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as Additional Rent before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the term of this Lease may have been, or may be, assessed, levied, confirmed, imposed upon or become due and payable out of or in respect of, or become a lien on the Demised Premises and/or Personal Property or any part thereof (hereinafter collectively referred to as "Taxes and Assessments").

6.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the term of this Lease and a part of which is included in a period of time before or after the term of this Lease, shall be adjusted pro rata between Lessor and Lessee as of the commencement and termination of the Lease term and each party shall be responsible for its pro-rata share of any such Taxes and Assessments.

6.3 Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, or capital levy, franchise, estate, succession or inheritance taxes of Lessor or its beneficiary.

6.4 If permitted by the terms of the Mortgage, Lessee shall have the right to contest the amount or validity, in whole or in part, of any Taxes and Assessments by appropriate proceedings diligently conducted in good faith, but only after payment of such Taxes and Assessments, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer such payment only if neither the Demised Premises, nor any part thereof, would by reason of such postponement or deferment be in danger of being forfeited or lost.

6.5 Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor out of the amount deposited with respect to such Taxes and Assessments and accrued interest as aforesaid. In the event such amount is insufficient, then the balance due shall be promptly paid by Lessee.

6.6 Lessor shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify, defend and save harmless Lessor from any such costs and expenses, including, without limitation, reasonable attorneys' fees, as a result of such proceedings. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor but previously reimbursed in full by Lessee.

6.7 In the event that Lessor determines in its reasonable judgment that it is not being adequately represented by Lessee's counsel in any proceedings referred to in this Article, Lessor may upon ten (10) days' prior written notice to Lessee, obtain separate counsel to represent it in such action. In such event, the cost of such counsel shall be paid by Lessor.

6.8 If any income, profits or revenue tax shall be levied, assessed or imposed upon the income, profits or revenue arising from the Rent payable hereunder, partially or totally in lieu of or as a substitute for real estate taxes imposed upon the Demised Premises or Personal Property, then Lessee shall be responsible for the payment of such tax.

ARTICLE VII - INTENTIONALLY OMITTED

ARTICLE VIII - OCCUPANCY

8.1 During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a skilled nursing facility, as well as any other structures located thereon, and for no other purpose. Subject to the terms of Article XX hereof, Lessee shall at all times maintain in good standing and full force a probationary or non-probationary license issued by the State of New Jersey and any other governmental agencies permitting the operation on the Demised Premises of a residential care or independent living unit facility and shall use its best efforts to obtain a certificate to participate in the New Jersey Medicaid Program as soon as practicable after the Commencement Date. Thereafter, subject to the terms of Article XX hereof, Lessee shall at all times maintain in good standing and full force a provider agreement pursuant to which the Facility shall be entitled to participate in the New Jersey Medicaid Program and receive reimbursement for the services provided at the Facility.

8.2 Lessee will not suffer any act to be done or any condition to exist at the Facility which may be dangerous or which may, in law, constitute a public or private nuisance or which may void or make voidable any insurance then in force affecting the Facility.

8.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Demised Premises in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and with an unrestricted license issued by the State of New Jersey and by any and all governmental agencies having jurisdiction over the Demised Premises, subject to any

change in the number of beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes or the improvements on the Demised Premises. Except as otherwise specifically provided herein, no reduction in the number of beds shall entitle Lessee to any reduction or adjustment of the Rent payable hereunder, which shall be and continue to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of beds. Lessee shall, within five (5) business days following its receipt thereof, provide Lessor with a copy of any notice from the New Jersey State Department of Health or any federal, state or municipal governmental agency or authority regarding any reduction in the number of beds and Lessor shall have the right to contest, by appropriate legal or administrative proceedings, any such reduction.

8.4 During the term hereof, Lessee shall only use the Demised Premises in accordance with Environmental Laws (as hereinafter defined) and shall not use nor permit the Demised Premises to be used for the treatment, storage or disposal of any Hazardous Substances (as hereinafter defined) nor for any purpose involving the use of Hazardous Substances; provided, however, that Lessee may use in and store at the Facility such materials and substances as are customarily used in residential care facilities but only in such quantities as are reasonably necessary for the routine business operation of the Facility and such use and storage must in all cases comply with all applicable Environmental Laws. For purposes hereof "Hazardous Substances" shall mean any toxic or hazardous waste or pollutants, or substances, including, without limitation, asbestos, PCB'S, petroleum products and by products, substances defined or listed as: "Hazardous Substances" or "Toxic Substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. § 9601, et seq., "Hazardous Materials" in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., "Hazardous Waste" in The Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2061, et seq., any "Toxic Pollutant" under the Clean Water Act, 33 U.S.C. § 1251, et seq., as amended, any "Hazardous Air Pollutant" under the Clean Air Act, 42 U.S.C. § 7401, et seq., and any hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local Environmental Laws. "Environmental Laws" as used in this Lease means all federal, state and local environmental, health, or safety laws or regulations now or hereafter enacted applicable to the Demised Premises, including the Facility. Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against, and shall reimburse Lessor for any and all loss, claim, liability, damages, injunctive relief, injuries to persons, property or natural resources, cost, expense, action and causes of action in connection with the use, generation, treatment, storage, release or disposal of Hazardous Substances at or from the Demised Premises during the term of the Lease, which is caused by Lessee or its officers, directors, members, manager, agents, employees, contractors or invitees, including, without limitation, the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other required work to be performed, to the full extent that such action is attributable, directly or indirectly, to the use, generation, treatment, storage, release or disposal of Hazardous Substances on the Demised Premises during the term hereof.

ARTICLE IX - INSURANCE

9.1 Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, which includes coverage for malicious mischief and vandalism both on the Demised Premises and the Personal Property on the New Jersey standard form with a responsible company or companies designated by Lessee. Such insurance shall, at all times, be maintained in an amount equal to the full replacement value of the Demised Premises and Personal Property, but not less than that required by any Lender, but in any event in an amount sufficient to prevent Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Lessor and Lessee, as their interests may appear, and, if requested by Lessor, shall contain a loss-payable clause to Lender, as its interest may appear. Upon the reasonable request of Lessor, not more frequently than such time as required by Lessee's insurance carrier or the Lender, Lessee shall furnish, at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals in form and substance as are regularly and ordinarily made by insurance companies, in order to determine the then replacement value of the Demised Premises and Personal Property, and if such appraisal shows that the amount of casualty insurance maintained by Lessee hereunder is insufficient, the amount of insurance required by this Section 9.1 shall be adjusted accordingly.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease:

(a) A public liability policy naming Lessor, Lender and Lessee, as insured, and insuring them against claims for bodily injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance to afford protection to the limits reasonably established by Lessee in the operation of its business. Such public liability insurance may be self-insured by Lessee in accordance with its standard self insurance program.

(b) If there is a boiler, air conditioner or water heater located on the Demised Premises, boiler explosion insurance, in the amount of \$500,000.00, under the terms of which Lessor, Lender and Lessee will be indemnified, as their interests may appear, against any loss or damage which may result from any accident or casualty in connection with any such equipment used in the Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises.

(c) Professional malpractice insurance in the amount reasonably established by Lessee in the operations of its business (provided, however, Lessee shall not be required to include independent contractors under its insurance coverage).

9.3 All policies of insurance shall provide:

(a) They are carried in favor of the Lessor, Lessee, and any Lender, as their respective interests may appear, and any loss shall be payable as therein provided, notwithstanding

any act or negligence of Lessor or Lessee, which might otherwise result in forfeiture of insurance; and

(b) They shall not be canceled, terminated, reduced or materially modified without at least thirty (30) days' prior written notice to Lessor; and

(c) A standard mortgagee and loss payee clause in favor of any Lender, and shall contain, if obtainable, a waiver of the insurer's right of subrogation against funds paid under the standard mortgagee and loss payee endorsement which are to be used to pay the cost of any repairing, rebuilding, restoring or replacing.

9.4 Certificates of insurance policies required by this Article shall be delivered to Lessor prior to or on the Commencement Date. Upon receipt thereof, Lessee shall deliver the actual policies to Lessor, which certificates and policies shall be updated annually not less than twenty (20) days prior to the expiration date thereof.

9.5 Anything in this Lease to the contrary notwithstanding, Lessee hereby waives and releases Lessor from any and all rights of recovery, claim, action or cause of action, against Lessor, its shareholders, managers, members, partners, agents, officers and employees, for any loss or damage that may occur to the Demised Premises or the Personal Property, which should be covered by property insurance of the type required to be carried by Lessee under this Lease (with Lessee also being responsible and, waiving all claims against Lessor, as to all deductible amounts which the Lessee chooses to maintain under its property insurance policies and as to any damages or losses relating to risks which Lessee elects to self-insure hereunder), regardless of cause or origin, including negligence of Lessor and its shareholders, managers, members, partners, agents, officers and employees. Lessee agrees to give immediately to its insurance companies which have issued policies of insurance covering any risk of direct physical loss, written notice of the terms of the waivers contained in this Section 9.5, and to have the insurance policies properly endorsed with a waiver of subrogation endorsement running to the benefit of Lessor. Lessee acknowledges that the waivers and releases set forth in this Section 9.5 are intended to result in any loss or damage which is covered by insurance being borne by the insurance carrier of Lessee, or by Lessee if such loss is not covered by insurance and this Lease required Lessee to maintain insurance to cover such loss or if Lessee elects to self-insure if this Lease permits such party to self-insure such loss. Lessee agrees that such waivers and releases were freely bargained for and willingly and voluntarily agreed to by Lessee and do not constitute a violation of public policy.

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants (excluding, however, for purposes of this paragraph Lessee's covenant to pay rent) herein agreed to be performed, Lessor may, upon ten (10) days' prior notice specifying the work to be done, covenants to be performed and the approximate amount to be expended, but shall not be required to, make such payment or perform such covenants, and all sums so expended by Lessor thereon shall upon notice of payment by Lessor be immediately payable by Lessee to Lessor, and in addition, Lessee shall reimburse

Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, including reasonable attorneys' fees. Any such costs or expenses incurred or payments made by the Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

10.2 Performance of and/or payment to discharge said Lessee's obligations shall be optional with Lessor and such performance and payment shall in no way constitute a waiver of, or a limitation upon, Lessor's other rights and remedies hereunder, including, without limitation, Lessor's right to declare an Event of Default for such failure.

ARTICLE XI - REPAIRS, MAINTENANCE AND IMPROVEMENTS

11.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (including the grounds, sidewalks and curbs abutting the same) and the Personal Property in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Commencement Date (ordinary wear and tear excepted), and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, replacing, repairing and restoring necessary to that end. All replacing, repairing and restoring required of Lessee shall be (in the reasonable opinion of Lessor) of comparable quality equal to the original work and shall be in compliance with all standards and requirements of law, licenses and municipal ordinances necessary to operate the Demised Premises as a residential care facility.

11.2 In the event that any part of the improvements located on the Demised Premises or the Personal Property shall be damaged or destroyed by fire or other casualty (any such event being called a "Casualty"), Lessee shall promptly replace, repair and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all the terms, covenants and conditions and other requirements of this Lease and any Mortgage applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored as to be of at least equal value and substantially the same character as on the Commencement Date. Lessee covenants that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of One Hundred Thousand Dollars (\$100,000.00). If the estimated cost of any such restoring, replacing or repairing is Two Hundred Fifty Thousand Dollars (\$250,000.00) or more, the plans and specifications for same shall be first submitted to and approved by Lessor in writing, which approval shall not be unreasonably withheld or delayed, and Lessee shall select an independent architect or engineer approved by Lessor (which approval shall not be unreasonably withheld or delayed) who shall be in charge of such repairing, restoring or replacing. Provided that there is no uncured Event of Default by Lessee under the Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property which may have become obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises, provided Lessee promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, and the replacement personal property shall be of the same character, and at least equal usefulness and quality to any such Personal Property so removed or

disposed of and such replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute and deliver such bills of sale or other documents reasonably requested by Lessor to vest ownership of such replacement personal property in Lessor.

ARTICLE XII - ALTERATIONS AND DEMOLITION

Lessee will not remove or demolish the Demised Premises or any portion thereof or allow it to be removed or demolished, without the prior written consent of the Lessor. Lessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Demised Premises, the cost of which in any twelve (12) month period exceeds One Hundred Thousand Dollars (\$100,000.00), without first obtaining the Lessor's written consent thereto which will not be unreasonably withheld or delayed. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work and shall become the property of the Lessor and shall comply with all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances. Not less than forty-five days prior to the commencement of any such changes or alterations, the cost of which in any twelve (12) month period may exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), Lessee shall furnish to Lessor, at Lessee's sole cost and expense, plans and specifications, prepared by a licensed architect, for such changes or alterations and any additional insurance reasonably required by Lessor. Such plans and drawings shall include detailed architectural, mechanical, electrical and plumbing working drawings. The plans and drawings will be subject to Lessor's approval with respect to design, aesthetics, building code compliance and such other matters as Lessor deems relevant, which approval shall not unreasonably be withheld or delayed.

ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES

13.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Facility and the operation of the Facility as a residential care facility, which may be applicable to the Personal Property and the residential care facility located thereon and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, curbs adjoining such portion of the Demised Premises, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

13.2 Lessee shall likewise observe and comply with the requirements of all policies of public liability and fire insurance and all other policies of insurance at any time in force with respect to any portion of the Demised Premises.

13.3 Lessee shall, subject to the terms of Article XX hereof, keep in good standing and in full force and effect all necessary licenses, permits and certifications required by any governmental authority for the purpose of maintaining and operating on the Demised Premises a residential care or independent living unit facility. Lessee shall use its best efforts to obtain a

certificate to participate in the New Jersey Medicaid Program as soon as practicable after the Commencement Date. Thereafter, subject to the terms of Article XX hereof, Lessee shall at all times continue to be qualified to, and shall participate in, the New Jersey Medicaid Program.

13.4 Upon request of Lessor, Lessee will deliver or mail to Lessor wherever Rent is then paid, within seven (7) calendar days of receipt thereof, copies of all exit interviews, inspection reports and surveys which may have an adverse affect on the Facility's licensure status and/or the Indian Medicaid Program certification, and administrative hearing and/or court action from all state, federal and local governmental bodies regarding the Demised Premises or the Facility operated thereon. Without request, Lessee shall in all events notify a principal of Lessor, or if Lessor's principals are unavailable, Lessor's attorney, within seven (7) calendar days after receipt thereof by the licensee of the Facility ("Licensee") of any and/or all of the following notices ("Notices") from any Governmental Authority: (i) any and all Notices of intent to impose and/or Notice of "immediate jeopardy" and/or of "Substandard Quality of Care" (as defined by federal regulations, *i.e.*, deficiencies under 42 CFR 483.13 or 483.25 with scope and severity levels of F, G, H, I, J, K or L) or any state equivalent Notices; (ii) any and all Notices or receipts of a conditional license; (iii) any and all Notices of intent to and/or Notice of revocation, termination, cancellation, surrender and/or of non-renewal of any license; (iv) any and all Notices of conditional certification and/or intent to conditionally certify Licensee; (v) any and all Notices of intent to terminate and/or Notice of Licensee's termination of participation in the New Jersey Medicaid Program; (vi) any and all Notices of intent to decertify and/or Notices of decertification of Licensee's participation in the New Jersey Medicaid Program and/or the termination of any payments thereunder; (vii) any and all Notices of intent to impose and/or the imposition of any Civil Monetary Penalty, and/or any fine in excess of \$25,000.00 in the aggregate for any survey cycle; (viii) any and all Notices of intent to cease payment after a certain date for any new New Jersey Medicaid Program residents admitted after said date; (ix) any and all Notices of intent to place, and/or the placement of, a State Monitor in the Facility; and/or (x) any and all Notices to transfer and/or of intent to transfer any and/or all Indian Medicaid residents on and/or after a certain date.

ARTICLE XIV - DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof, Lessee will not create or permit to be created or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises or any part thereof or the income therefrom or the Personal Property, for work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee. Lessee shall have the right to purchase equipment, furniture, or furnishings which may be subject to a security agreement provided that the stockholders, partners or members, as applicable, of Lessee shall personally guarantee to Lessor that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and indemnify Lessor against all charges, costs and expenses that may be

incurred by Lessor with respect to such security agreement or chattel mortgage. Lessee hereby agrees to obtain and deliver to Lessor such guaranty and indemnity agreement.

14.2 If any mechanic's, laborer's or materialman's lien caused or charged to Lessee shall at any time be filed against any portion of the Demised Premises or Personal Property, if allowed by the terms of the Mortgage, and the applicable Lender, Lessee shall have the right to contest such lien or charge.

14.3 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by counsel for Lessee in any contest referred to in Section 14.2 hereof, such party may, upon (10) days prior written notice to Lessee, obtain separate counsel to represent it in such contest. In such event, the cost of such counsel shall be paid by Lessee. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in Section 14.2 above, and/ or that Lessee is not pursuing any such contest with due diligence, then such party may, upon (10) days' prior written notice to Lessee, discharge such lien by paying the amount claimed to be due from the security deposited by Lessee pursuant to the terms of Section 14.2.

ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR

15.1 At any time, during reasonable business hours, Lessor and/or its authorized representatives shall have the right to enter and inspect the Demised Premises and Personal Property.

15.2 At any time, during reasonable business hours, Lessor and/or its authorized representatives shall have the right to inspect, and, at Lessor's expense, make copies of, the books and records relating to the Demised Premises, or any part thereof, including, without limitation, to the extent permitted by applicable law all patient records, employment records, surveys and inspections reasonably required by Lessor.

15.3 Lessor agrees that upon entering and inspecting the Demised Premises, Personal Property and books and records Lessor shall take all reasonable measures to avoid disruption to Lessee's routine business operation during any such entries and the person or persons will cause as little inconvenience to the Lessee, its employees and residents of the Demised Premises as may reasonably be possible under the circumstances.

ARTICLE XVI - CONDEMNATION

16.1 If all of the Demised Premises is taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, this Lease shall terminate as of the date possession is taken by the condemnor.

16.2 If less than all of the Demised Premises are taken by the exercise of the power of eminent domain or sold under eminent domain proceedings and Lessee reasonably believes that, in light of such exercise of eminent domain or sale pursuant to eminent domain proceedings, it can

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no longer operate the Facility in materially the same manner as prior to the exercise of eminent domain and such belief is consistent with reasonable business practices, then Lessee may either (a) terminate the Lease or, (b) subject to the consent and approval of Lessor and any Lender, shall, with reasonable diligence, restore or rebuild to the extent reasonably practicable any improvements upon the Demised Premises affected by the taking. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises Lessee shall contribute the amount of any such deficiency. In the event that the number of beds is reduced or increased, even after the Demised Premises are restored under this Section, the Base Rent provided herein shall be proportionately increased (but only with respect to this paragraph) or decreased, as applicable, proportionately based upon the amount of such reduction or increase.

ARTICLE XVII - RENT ABSOLUTE

17.1 Except as herein provided damage to or destruction of any portion of the buildings, structures and fixtures upon the Demised Premises, by fire, the elements or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the Demised Premises or entitle Lessee to any abatement of or reduction in the Rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the term of the Lease, Lessee shall not assign this Lease or in any manner whatsoever sublet, assign, encumber or transfer all or any part of the Demised Premises or in any manner whatsoever transfer, assign or encumber any interest in the Demised Premises or any interest in this Lease (hereinafter collectively an "Assignment") without the prior written consent of the Lessor, which consent may be withheld, in such party's sole discretion. As a condition of granting its consent to any sublease or assignment, Lessee shall pay, and Lessee hereby agrees to pay, any and all reasonable out of pocket third-party costs and expenses of Lessor incurred in connection with such sublease or assignment, including, without limitation, all due diligence costs and attorneys' fees.

18.2 For purposes of this Article:

(1) Any person, corporation, limited liability company or other entity to whom Lessee's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article, and except as otherwise specifically provided above, obtain the consent of Lessor to any subsequent sublease, assignment, encumbrance and/or transfer or such event shall be deemed an Event of Default hereunder.

(2) An agreement by any person, corporation or other entity, directly or indirectly, to assume Lessee's obligations under this Lease shall be deemed an assignment.

ARTICLE XIX - EVENTS OF DEFAULT

19.1 The occurrence of any of the following acts or events shall be deemed to be a default ("Events of Default") on the part of the Lessee:

(1) The failure of Lessee to pay when due any Rent payment, or any part thereof, or any other sum or sums of money due or payable to the Lessor under the provisions of this Lease when such failure shall continue for a period of ten (10) calendar days after written notice from Lessor to Lessee;

(2) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions or provisions of this Lease, if such failure or violation shall not be cured within thirty (30) days after written notice thereof by Lessor to Lessee;

(3) The failure of Lessee to comply with, or the violation by Lessee of, any of the terms, conditions or provisions of any Mortgage relating to the Demised Premises (except for those terms, conditions or provisions requiring the making of principal and/or interest payments or which relate specifically to Lessor, and/or its beneficiaries or stockholders), if such failure or violation shall not be cured within twenty (20) days (or such lesser period as may be provided in the Mortgage) after notice thereof by Lessor to Lessee;

(4) In the event Lessee removes a substantial portion of the Personal Property at the Facility or Lessee removes Personal Property necessary to the operation of the Facility, the failure of Lessee to replace within thirty (30) days after written notice by Lessor to Lessee, the Personal Property so removed by Lessee subject to the provisions of Section 30.1(c) hereof;

(5) The making by Lessee of an assignment for the benefit of creditors;

(6) The levying of a writ of execution or attachment on or against the property of Lessee which is not discharged or stayed by action of Lessee contesting same, within thirty (30) days after such levy or attachment (provided if the stay is vacated or ended, this paragraph shall again apply);

(7) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, and said proceedings are not dismissed and any receiver, trustee or liquidator appointed therein discharged within sixty (60) days after the institution of said proceedings;

(8) The sale of the interest of Lessee in the Demised Premises under execution or other legal process;

(9) Any conveyance or transfer in violation of Article XVIII hereof;

(10) The abandonment of the Demised Premises by Lessee;

(11) Subject to Lessee's right to contest as provided in Article XX hereof, the failure or the part of Lessee during the term of this Lease to cure or abate any written violation claimed by any governmental authority, of any law, order, ordinance, rule or regulation pertaining to the operation of the Facility within the time permitted for such cure and/or abatement;

(12) Subject to Lessee's right to contest as provided in Article XX hereof, the institution of any proceedings against Lessee by any governmental authority either to: (i) revoke any license granted to Lessee for the operation of the Facility as a residential care facility or requiring Lessee to cease operating its business; or (ii) decertify the Facility from participation in the New Jersey Medicaid Program; or

(13) The failure of Lessee to comply with the terms of any insurance policy affecting the Demised Premises and required hereunder within the time provided in such policy to cure such non-compliance prior to cancellation thereof; provided, however, that Lessee shall not be in default hereunder if prior to the cancellation of such policy of insurance Lessee obtains a replacement thereof.

The occurrence of any of the events listed in this Article 19 by any party to whom the Demised Premises has been transferred shall be an Event of Default hereunder.

ARTICLE XX - RIGHT TO CONTEST/CURE

20.1 Anything to the contrary stated herein notwithstanding, Lessee shall have the right to contest by appropriate administrative and/or legal proceedings, diligently conducted in good faith, the validity or application of any law, ordinance, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings, including, without limitation, any proceeding pursuant to paragraphs 19.1(11) and/or 19.1(12) above. In the event such contest involves a violation, the decertification or license revocation from the New Jersey Medicaid Program shall give Lessor written notice of its election to contest. Notwithstanding anything to the contrary contained herein, Lessee shall not be in default hereunder provided that: (1) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises; (ii) there continues during the course of such contest authority to continue operations of the Facility as a residential care facility (which may be temporary or provisional); and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.2 Except for an Event of Default of Lessee in the payment of Rent or any other payment required hereunder, in any case where Lessor shall have given to Lessee a written notice specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and, if for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation within such period, then, provided Lessee, immediately upon receipt of such notice, shall advise Lessor in writing of Lessee's intention to institute, and shall, as soon as reasonably possible thereafter, duly institute, and thereafter diligently prosecute to completion, all steps necessary to remedy such situation and shall remedy the same, during the

period necessary to remedy such situation, notwithstanding anything to the contrary contained herein, although such situation shall be deemed an Event of Default hereunder, Lessor shall not pursue and shall not be entitled to pursue any remedies arising solely from the occurrence of such Event of Default hereunder, provided, however, that: (i) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of all or any part of the Demised Premises; and (ii) there continues during such remedy authority to continue to operate the Facility as a residential care facility (which may be temporary or provisional), and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.3 Lessee shall promptly provide Lessor with a copy of any notice from the New Jersey State Department of Health or other governmental authority or agency threatening or requesting a reduction in the number of beds at the Facility. Lessee shall have the right to contest any such reduction and shall notify Lessor within fifteen (15) days following the date of such notice (or shorter period required to provide notice to Lessor not later than ten (10) days prior to the cutoff date for any such contest) whether or not Lessee shall undertake such contest. If Lessee fails to contest any such reduction, Lessor may, following written notice to Lessee of its intent to do so, contest any such reduction. Any such contest shall be conducted by counsel reasonably satisfactory to the other party and the cost of such contest shall be paid by Lessee.

ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT

21.1 In the event of any Event of Default by Lessee, Lessor may, if it so elects, and with notice of such election to Lessee, and upon demand upon Lessee, forthwith terminate this Lease and Lessee's right to possession of the Demised Premises, or, at the option of the Lessor, terminate Lessee's right to possession of the Demised Premises without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Lessee's right to possession without termination of this Lease, Lessee shall vacate the Demised Premises immediately, and shall quietly and peaceably deliver possession thereof to the Lessor, and Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises in such event with process of law and to repossess the Demised Premises and Personal Property as the Lessor's former estate. In the event of any such termination of this Lease, the Lessor shall again have possession and enjoyment of the Demised Premises and Personal Property to the extent as if this Lease had not been made, and thereupon this Lease and everything herein contained on the part of Lessee to be done and performed shall cease and terminate, all, however, without prejudice to and without relinquishing the rights of the Lessor to Rent (which, upon such termination of this Lease and entry of Lessor upon the Demised Premises, shall, in any event, be the right to receive Rent due up to the time of such entry) or any other right given to the Lessor hereunder or by operation of law.

21.2 In the event of an Event of Default and Lessor elects either to terminate this Lease or to terminate Lessee's right to possession of the Demised Premises, then all licenses, certifications, permits and authorizations issued by any governmental agency, body or authority in connection with or relating to the Demised Premises and the Facility thereon shall be deemed as being assigned to Lessor to the extent the same are legally assignable. Lessor shall also have the

right to continue to utilize the telephone number and name used by Lessee in connection with the operation of the Facility. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (i) all licenses, certifications, permits and authorizations obtained in connection with the operation of the Facility and (ii) the names and telephone numbers used in connection with the operation of the Facility. Lessee hereby agrees to take such other action and execute such other documents as may be reasonably necessary in order to vest in Lessor all right, title and interest to the items specified herein.

21.3 If Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and the Lessor elects to terminate Lessee's right to possession only, without terminating this Lease, Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing Section 21.1 of this Article provided, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the Rent hereunder for the full remaining term of this Lease, and in any such case, Lessee shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder and required to be paid by Lessee up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Lessor may attempt to relet the Demised Premises or any part thereof for the account of Lessee for such rent, or may operate the Facility for such time and upon such terms as Lessor in its sole discretion shall determine. In the event Lessor elects to take possession and operate the Demised Premises any profits due to such operation shall reduce the rents payable hereunder. In any such case, Lessor may make repairs, alterations and additions in or to the Demised Premises, to the extent reasonably deemed by Lessor desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting. If the consideration collected by Lessor upon any such reletting is not sufficient to pay monthly the full amount of Rent reserved in this Lease, together with the costs of repairs, alterations and additions and Lessor's expenses, Lessee shall pay to the Lessor the amount of each monthly deficiency upon demand.

21.4 Lessee's liability to Lessor for damages upon the occurrence of an Event of Default shall in all events survive the termination by Lessor of the Lease or the termination by Lessor of Lessee's right to possession only, as hereinabove provided. Upon such termination of the Lease or at any time after such termination of Lessee's right to possession, Lessor may recover from Lessee and Lessee shall pay to Lessor as liquidated and final damages, whether or not Lessor shall have collected any current monthly deficiencies under the foregoing paragraph, and in lieu of such current deficiencies after the date of demand for such final damages, the amount thereof found to be due by a court of competent jurisdiction, which amount thus found shall be equal to:

(a) the remainder, if any, of Rent and charges due from Lessee for the period up to and including the date of the termination of the Lease or Lessee's right to possession; plus

(b) the amount of any current monthly deficiencies accruing and unpaid by Lessee up to and including the date of Lessor's demand for final damages hereunder; plus

- (c) the excess, if any, of
 - (i) the Rent reserved for what would have been the remainder of the term of this Lease together with charges to be paid by Lessee under the Lease; over
 - (ii) the then fair rental value of the Demised Premises and the Personal Property.

If any statute or rule governing a proceeding in which such liquidated final damages are to be proved shall validly limit the amount thereof to an amount less than the amount above agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

21.5 No receipt of funds by Lessor from Lessee after service of any notice of an Event of Default, termination of this Lease or of possession of the Demised Premises or after commencement of any suit or proceeding of Lessee shall in any way reinstate, continue or extend this Lease or in any way affect the notice of the Event of Default or demand or in any way be deemed a waiver by Lessor of any of its rights unless consented to in writing by Lessor.

ARTICLE XXII - LIABILITY OF LESSOR

It is expressly agreed by the parties that in no case shall Lessor be liable, under any express or implied covenant, agreement or provisions of this Lease, for any damages whatsoever to Lessee beyond the Rent reserved in this Lease accruing after or upon any act or breach hereunder on the part of Lessor and for which damages may be sought or recovered from Lessor, and there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers or employees of beneficiary of Lessor with respect to the terms, covenants, conditions or undertakings or agreements contained in this Lease, and Lessee shall look solely to Lessor's interest in this Lease and not to any of the foregoing for the satisfaction of any remedy which Lessee may have under this Lease.

ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR

Except as provided in Section 21.4, the specific remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by Lessee of any provision or provisions of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, provisions, agreement or option.

ARTICLE XXIV - INTENTIONALLY OMITTED

ARTICLE XXV - INDEMNIFICATION

25.1 Lessee agrees to protect, indemnify and save harmless the Lessor from and against any and all claims, demands and causes of action of any nature whatsoever asserted against or incurred by such parties on account of: (i) any failure on the part of Lessee during the term of this Lease to perform or comply with any of the terms of this Lease; or (ii) injury to or death of persons or loss of or damage to property, occurring on the Demised Premises or any adjoining sidewalks, streets or ways or in any manner growing out of or connected with the use or occupation of the Demised Premises or the condition thereof, or the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets or ways occurring during the term of this Lease. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by such parties of any such claims, demands or causes of action.

ARTICLE XXVI - SUBORDINATION PROVISIONS

26.1 This Lease (and Lessee's interest in the Demised Premises and Personal Property) shall be subject and subordinate to the Existing Mortgage and to any Mortgage given by Lessor to any lender which may affect the Demised Premises and/or Personal Property, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee shall execute and deliver such documents as may be required in order to evidence such subordination; provided that such documents shall not affect any of the provisions of this Lease relating to the amount of Rent, the purposes for which the Demised Premises may be used, the size and/or location of the Demised Premises, the duration and/or Commencement Date of the term, nor modify any representations, covenants or warranties made by Lessor hereunder. Lessor shall deliver to Lessee a letter from the holder of the Existing Mortgage evidencing such holder's consent to this Lease.

26.2 Notwithstanding anything to the contrary contained herein, it is understood, agreed and acknowledged that Lessor shall have the right at any time to finance, or refinance, from time to time, the Demised Premises and Personal Property in any amount, and grant a mortgage, deed of trust and/or security interest thereon, to assign or pledge any or all of its interest in this Lease, and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party without the consent of Lessee, if: (i) Lessor obtains a customary form of subordination, non-disturbance and attornment agreement ("SDNA") from such Lender, reasonably satisfactory to Lessee.

26.3 That certain Operator Lease Addendum entered into by and between Lessor and Lessee, dated as of _____, 202_, shall be incorporated into and made a part of the Lease Agreement, and amends and/or supplements the Lease Agreement.

ARTICLE XXVII - LESSEE'S FAITHFUL COMPLIANCE WITH MORTGAGE

Anything in this Lease contained to the contrary notwithstanding, and provided that Lessor has complied with Section 26.2, Lessee shall at all times and in all respects fully, timely and

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faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of the Lessor under any Mortgage (and to any renewals, modifications, extensions, replacements and/or consolidations thereof) to which this Lease is subordinate or to which it later may become subordinate, including, without limitation, such conditions, covenants and provisions thereof as relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in excess of that required by the provisions of this Lease, or may require performance not required by the provisions of this Lease; provided, however, except to the extent that reserves or escrows are required under the Mortgage for the payment of Taxes and Assessments and for insurance, Lessee shall not be required to make payments on account of any reserves or escrows, including without limitation any construction, replacement or repayment reserve or escrow required by any new Lender. If any new Lender requires compliance, observance or performance to a standard or degree in excess of that required by the terms of the Existing Mortgage and this Lease, Lessee shall comply with such standard, degree or additional performance; provided, however, that the amount by which the third party costs expended by Lessee to achieve such standard, degree or additional performance exceed the third party costs to achieve the standard of performance required by the Existing Mortgage and this Lease shall be paid by Lessor. Lessee further agrees that it shall not do or permit to be done anything which would constitute a breach of or default under any obligation of the Lessor under any Mortgage, it being the intention hereof that Lessee shall so comply with and observe each and all of such covenants, conditions and provisions of any Mortgage so that they will at all times be in good standing and there will not be any default on the part of the Lessor thereunder. However, nothing in this Article contained shall be construed to obligate Lessee to pay any part of the principal or interest secured by any Mortgage, except as may otherwise be provided in this Lease.

ARTICLE XXVIII - MORTGAGE RESERVES

Any tax or insurance reserve required under any Mortgage by the Lender thereof during the term of this Lease shall be paid by the Lessee to Lessor and shall be repaid to Lessee when Lender repays such sums to Lessor.

ARTICLE XXIX - LESSEE'S ATTORNMENT

29.1 Lessee covenants and agrees that, if by reason of a default upon the part of the Lessor in the performance of any of the terms and conditions of any Mortgage, and the Lender forecloses on the estate of Lessor in the Demised Premises, Lessee will attorn to the then holder of such Mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize such holder of the Mortgage or such purchaser as the Lessor under this Lease. Lessee covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Lessor, or of the holder of such Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. Lessee further waives the provisions of any statute or rule or law now or hereafter in effect which may terminate this Lease or give or purport to give Lessee any right of election to terminate this Lease or to

surrender possession of the Demised Premises in the event any such proceedings are brought against the Lessor under such Mortgage or the holder of any such Mortgage, and agrees that this Lease shall not be affected in any way whatsoever by any such proceedings, except to the extent designated and determined by Lender pursuant to the terms of the Lease, the SNDA, Mortgage or any of the other loan documents.

29.2 If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under any Mortgage, or fails to pay the amounts due thereunder when due, then, upon notice of such default or failure on the part of Lessor, Lessee shall have the right, upon five (5) days' prior written notice thereof to Lessor (or such shorter period as permitted under any Mortgage), to cure such defaults, and to make such payments as are due from Lessor, directly to the holder of any Mortgage, as the case may be, and to the extent such payments are accepted by the holder of such Mortgage, to deduct the amounts expended by Lessee to cure such defaults from the next succeeding Rent payment or payments due under this Lease, and such deductions shall not constitute an Event of Default under this Lease. Lessor shall promptly provide Lessee with copies of any notice of default received by Lessor with respect to any Mortgage.

ARTICLE XXX - REPRESENTATIONS

30.1 Lessee represents and covenants to Lessor as follows:

(a) Lessee is a Delaware limited liability company, duly organized and validly existing in good standing under the laws of the State of Delaware, and has full right and power to cause Lessee to enter into, and perform its obligations under this Lease and has taken all requisite actions to authorize the execution, delivery and performance of this Lease;

(b) Lessee has examined the Demised Premises, Personal Property, contracts relating to the Facility and/or to the Demised Premises and the improvements and the residential care facility thereon prior to its acceptance and execution of this Lease, and Lessee acknowledges that except as expressly stated herein no representation or warranty, express or implied, has been made by or on behalf of Lessor with respect to the condition of the Demised Premises and Personal Property. Lessee represents that it is satisfied with the condition thereof and is leasing the Demised Premises, improvements and Personal Property in "AS IS"/"WHERE IS" condition, and Lessor shall in no event whatsoever be liable for any latent or patent defects therein;

(c) In addition to all other covenants contained herein, Lessee expressly covenants that it shall keep and maintain at the Facility at all times in good order and repair all items of Personal Property necessary for operating the Facility as a residential care or independent living unit facility in substantial compliance with all laws, rules and regulations of the New Jersey Department of Health. Lessee shall maintain all of such items in good order and repair and shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items substantially equivalent to that which has been replaced;

(d) Until Lessee shall have fully satisfied all of its obligations under this Lease, Lessee shall maintain its organizational existence as a limited liability company, and shall not, without the prior written consent of Lessor, dissolve, liquidate or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it;

ARTICLE XXXI – PRIOR LIABILITIES

31.1 Lessee acknowledges that Lessor shall have no liability to Lessee with respect to the operations of the Facility for the periods prior to the Commencement Date relating to accounts receivable, accounts payable, prorations, inventory, patient trust funds and employee benefits.

31.2 Lessor shall not be liable for amounts claimed by the New Jersey Family and Social Services Administration or any other governmental authority or agency to have been overpayments made to the prior operator of the Facility with respect to periods prior to the Commencement Date.

ARTICLE XXXII - LICENSURE PROVISIONS

32.1 It shall be a condition precedent to the effectiveness of this Lease that Lessee has a license permitting Lessee to operate the Facility as a residential care facility (hereinafter collectively called the “License”).

ARTICLE XXXIII - FINANCIAL STATEMENTS

33.1 Lessee shall furnish to the Lender such financial statements and tax returns which shall be certified by an officer of Lessee or a public accountant to the extent required under the Mortgage.

33.2 At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises and records and books of account of the entire business operations of Lessee in accordance with normal accounting practices consistently applied. Upon request by Lessor, from time to time, but not more than one (1) time a year, and such additional inspections which are required by any Lender, Lessee shall make available for inspection by Lessor or its designee, during reasonable business hours, at Lessee’s offices, the said records and books of account covering the entire business operations of Lessee on the Demised Premises.

ARTICLE XXXIV - MISCELLANEOUS

34.1 Lessee, upon paying the Rent and all other charges herein provided, and for observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises during the term of this Lease, and subject to its terms, without hindrance by Lessor or by any other person or persons claiming under Lessor.

34.2 All payments to be made by the Lessee hereunder in addition to Base Rent, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of payment when due, the Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent. Base Rent and Additional Rent are sometimes referred to collectively herein as "Rent".

34.3 It is understood and agreed that the granting of any consent by Lessor to Lessee to perform any act of Lessee requiring Lessor's consent under the terms of this Lease, or the failure on the part of Lessor to object to any such action taken by Lessee without Lessor's consent, shall not be deemed a waiver by Lessor of its rights to require such consent for any further similar act by Lessee, and Lessee hereby expressly covenants and warrants that as to all matters requiring Lessor's consent under the terms of this Lease, Lessee shall secure such consent for each and every happening of the event requiring such consent, and shall not claim any waiver on the part of Lessor of the requirement to secure such consent.

34.4 Each of Lessor and Lessee represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease. Lessor and Lessee each covenant and agree to indemnify and hold harmless the other from and against any and all costs, expenses, liabilities, claims, demands, suits, judgments and interest, including, without being limited to, reasonable attorneys' fees and disbursements, arising out of or in connection with any claim by any broker or agent with respect to this Lease, the negotiation of this Lease or the transactions contemplated herein based upon the acts of the indemnifying party.

34.5 If an action shall be brought to recover any Rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants or conditions of this Lease, or for the recovery of possession of the Demised Premises, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

34.6 Should Lessee hold possession hereunder after the expiration of the term of this Lease with or without the consent of Lessor, Lessee shall become a tenant on a month-to-month basis upon all the terms, covenants and conditions herein specified, excepting however that Lessee shall pay Lessor a monthly rental, for the period of such month-to-month tenancy, in an amount equal to 150% the last Rent specified.

34.7 All notices, demands or requests which may or are required to be given by either party to the other shall be in writing and shall be sent by (i) personal delivery; (ii) Federal Express or other national overnight courier service; or (iii) United States certified mail, return receipt requested, addressed to the other party hereto at the last known address of such party. Notices shall be effective upon receipt or refusal thereof.

34.8 Upon request of either party, Lessor and Lessee agree to execute and deliver a short form lease and option in recordable form so that the same may be recorded by either party.

34.9 Each party agrees at any time, and from time to time, upon not less than ten (10) days' prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Rent has been paid, the amount of the Additional Rent held by Lessor, and whether to the best knowledge of such party an Event of Default has occurred or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute an Event of Default hereunder, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective assignee, lender or purchaser of the fee interest in the Demised Premises or of this Lease.

34.10 All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

34.11 Any reference herein to the termination of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

34.12 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

34.13 This Lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.

34.14 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective successors and assigns.

34.15 All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require.

34.16 If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

34.17 Notwithstanding anything to the contrary contained herein, and except as otherwise provided in this Lease, there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers, employees or trustees of Lessee, with respect to the terms, covenants, conditions, undertakings or agreements contained in this Lease and Lessor shall look solely to

Lessee, and not to any such partners, shareholders, members, directors, officers, employees or trustees of Lessee for the satisfaction of each and every remedy which Lessor may have hereunder.

34.18 It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein and in the Lease made on the part of Lessor while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Lessor are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by Lessor or for the purpose or with the intention of binding Lessor personally, but are made and intended for the purpose only of subjecting Lessor's interest in the Demised Premises to the terms of the Lease, and for no other purpose whatsoever and in case of default hereunder by Lessor (or default through, under or by any of its beneficiaries, or agents or representatives of said beneficiaries), Lessee shall look solely to the interests of Lessor in the Demised Premises; that, if Lessor is a land trust, the Lease is executed and delivered by Lessor not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; that neither the Lessor nor any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents shall have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, and no liability or duty shall rest upon Lessor to sequester the Demised Premises (or the trust estate) or the rents, issues and profits arising therefrom, or the proceeds arising from any sale or other disposition thereof; and that no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against said Lessor or any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents, on account of the Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor contained in the Lease, either express or implied, all such personal liability, if any, being expressly waived and released by Lessee and by all persons claiming by, through or under Lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized so to do on behalf of each of them respectively the day and year first above written.

LESSOR:

Lakeland Realty SNF LLC,
a Delaware limited liability company

By: _____
Name: Dov Green
Its: Authorized Signatory

LESSEE:

Lakeland Operator LLC,
a Delaware limited liability company

By: _____
Name: Dov Green
Its: Authorized Signatory

EXHIBIT A
DEMISED PREMISES

All that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of Haskell, County of Passaic, State of New Jersey.

BEGINNING at a point on the northeasterly line of Fifth Avenue, 33 feet wide, said point being at the intersection of said northeasterly line of Fifth Avenue and the southeasterly line of Phelan Court, and running; thence

1. Along the aforesaid southeasterly line of Phelan Court, North 20 degrees 15 minutes 00 seconds East 190.29 feet to a point on the southwesterly line of Lands now or formerly of Robert and Sandra Luh, h/w; thence
2. Along said southwesterly line of Lands of Luh, South 73 degrees 16 minutes 00 seconds East 115.65 feet to the former centerline of Leonard Place, as vacated on April 22, 1970; thence
3. Along said centerline, North 16 degrees 44 minutes 00 seconds East 13.51 feet to a point; thence
4. South 69 degrees 45 minutes 00 seconds East 283.18 feet to a point; thence
5. South 18 degrees 10 minutes 00 seconds West 179.76 feet to a point on the aforementioned northeasterly line
of Fifth Avenue; thence
6. Along said northeasterly line of Fifth Avenue, North 72 degrees 11 minutes 00 seconds West 30.20 feet to a point; thence
7. Still along said northeasterly line of Fifth Avenue, North 57 degrees 42 minutes 00 seconds West 50.67 feet to a point; thence
8. Still along said northeasterly line of Fifth Avenue, North 76 degrees 52 minutes 00 seconds West 327.13 feet to the point or place of BEGINNING.

AS SURVEYED DESCRIPTION:

{1046/120/00492960.2}

All that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Wanaque, County of Passaic, State of New Jersey, being known and designated as Lot 3 Block 412 as shown on the Official Tax Map of the Borough of Wanaque, Passaic County, New Jersey.

BEGINNING at the intersection of the northeasterly line of Fifth Avenue (varied width), with the southeasterly line of Phelan Court, said point having a coordinate of North 800540.2699 East 548717.0577 in the New Jersey State Plane Coordinate System (NAD83), thence from said beginning point running;

1. Along the said line of Phelan Court, North 09 degrees 13 minutes 01 seconds East, a distance of 190.29 feet, to the southwesterly line of Lot 2 Block 412; thence
2. Along the said line, South 84 degrees 17 minutes 59 seconds East, a distance of 115.65 feet, to the southerly corner of Lot 2 Block 412; thence
3. Along the southeasterly line of said lot, North 05 degrees 42 minutes 01 seconds East, a distance of 13.51 feet, to a corner therein; thence
4. Along the southwesterly line of the Lot 2 Block 412 and Lots 14, 13, 12, 11 and 10 Block 413, South 80 degrees 46 minutes 59 seconds East, a distance of 283.18 feet, to the northwesterly line of Lot 9 Block 413; thence
5. Along the northwesterly line of Lots 9 and 17 Block 413, South 07 degrees 08 minutes 01 seconds West, a distance of 179.76 feet, to a concrete monument found on the said line of Fifth Avenue; thence
6. Along said line of Fifth Avenue, the following three courses to wit;
 - 6.1. North 83 degrees 12 minutes 59 seconds West, a distance of 30.20 feet; thence
 - 6.2. North 68 degrees 43 minutes 59 seconds West, a distance of 50.67 feet; thence
 - 6.3. North 87 degrees 53 minutes 59 seconds West, a distance of 327.13 feet to the point and place of BEGINNING.

SCHEDULE 1

MORTGAGE

{1046/120/00492960.2}

Operating Account

TREASURER, STATE OF NEW JERSEY / TREASURER, STATE OF NEW

11/29/2021 \$4,000.00

Item	Date	Amount
1 NEW LICENSE	11/29/2021	4,000.00

THIS CHECK IS VOID WITHOUT A COLORED BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

LAKELAND HHCOperating Account
25 FIFTH AVENUE
Haskell, NJ 074201099

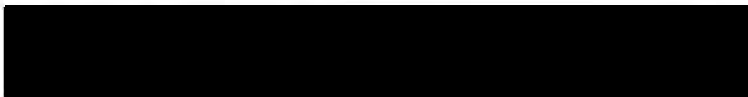
AMBOY BANK

30015

55-441/212

DATE	AMOUNT
11/29/2021	*****\$4,000.00

PAY FOUR THOUSAND DOLLARS AND ZERO CENTS ONLY***

TO THE
ORDER OFTREASURER, STATE OF NEW JERSEY
DEPARTMENT OF HEALTH
PO BOX 358
Trenton, NJ 08625

Lakeland Operator LLC
15 America Avenue, Suite 210
Lakewood, New Jersey 08701

November ²⁸, 2021

Michael J. Kennedy, Esq.
CN & Healthcare Facility Licensure Program
NJ Department of Health
P.O. Box 358
Trenton, New Jersey 08625

Re: Lakeland Health Care Center
License # 061621

Dear Mr. Kennedy:

On behalf of Lakeland Operator LLC, I respectfully submit an application for the Transfer of Ownership of Lakeland Health Care Center (License # 061621) from the current owner, Lakeland Operations LLC to Lakeland Operator LLC.

I have enclosed a Project Narrative, LCS-9 form, Attestation, Track Record Attestation, organizational charts and other related documents. I have also included a check in the amount of \$ 4,000 made payable to *Treasurer, State of NJ* for the transfer processing fee.

We are prepared to work with you and your staff to complete the Department's review of the application as quickly as possible.

Sincerely,

Boruch Mermelstein, Member

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New Jersey Department of Health
Certificate of Need & Licensing
ATTN: CNL Intake

Not Accepted for Processing (LCS-9)

ALL applications must be: 1) Completely filled out; 2) Include all essential documents;
3) Include confirmation of payment. **Partial applications will not be accepted.**

Applications submitted to Certificate of Need and Licensing will be examined for completeness. If essential information, documents, or confirmation of payment are not included in the application packet, the Department may deem the application not accepted for processing. Applications that are not accepted for processing will not enter a review cycle. Applicants will be notified via email/mail that the submitted application is not accepted and will be provided guidance how to resubmit the application in entirety. Partial or individual documents will not be accepted unless specifically requested by licensing staff.

This form is applicable for the following facility types: Adult Day, Assisted Living, Comprehensive Personal Care Home, Hospital Based Sub-Acute, Pediatric Day, Residential Health Care, and Nursing Facilities.

Facility Name: Lakeland Nursing & Rehab
Application Tracking Number: LA-061621-20699

Select Application Type: ☐ Initial License ☐ License Amendment ☒ Transfer Of Ownership

STATE USE	APPLICANT USE	Guidance for LCS-9 Application Form	
STEP 1: COMPLETE LCS-9 APPLICATION			
		Proof of Payment: FOR ALL APPLICATION TYPES	
Accepted		a.	FULL PAYMENT REQUIRED prior to entering application review cycle. The Department recommends sending payment via e-Pay (http://www.nj.gov/health/healthfacilities/epayments.shtml) Paper checks without clear identification of facility name, address or license number will be returned to applicant.
N/A		b.	Proposed project requires a Certificate of Need prior to license application review.
		PAGE 1 of Application: FOR ALL APPLICATION TYPES	
Accepted		a	ALL BOXES ARE COMPLETED in each section. Enter N/A if applicable. Do not leave empty spaces on application.
Accepted		b.	OFFICIAL NAME OF FACILITY (PROVIDER NAME): Must include the <i>facility name</i> as proposed to appear on the license.
Accepted		c.	OWNER/CORPORATE NAME (LICENSED OPERATOR): Must include the legal name of <i>licensed operator</i> name as proposed to appear on the license.

N/A		d.	MANAGEMENT COMPANY (if applicable) If a management company is identified, attach MANAGEMENT AGREEMENT: Management agreement must be fully executed, signed by both parties, and dated.
PAGE 2 of Application: FOR ALL FACILITY TYPES			
Accepted		a.	PRIMARY TYPE OF FACILITY: enter appropriate information
Accepted		b.	QUANTITY OF ALL BEDS/SLOTS at this Location: If an addition/deletion of beds/slots, indicate the proposed final count.
Accepted		c.	TYPE OF OWNERSHIP: check one
Accepted		d.	BUILDING OWNERSHIP and COPY OF LEASE (if applicable) LEASE: If building is leased, provide COPY OF LEASE. If lease not applicable, indicate N/A.
Accepted		e.	CURRENT AGENT: must be a NJ resident
PAGE 3 of Application: FOR ALL OWNERSHIP			
Accepted		a.	CURRENT OWNERSHIP CHART Identify each and every level of direct and indirect ownership with 10% or greater interest. Each must be identified by corporate and individual name(s) and their ownership percentages. Chart must identify 100%. For non-profit entities list Board Members.
Accepted		b.	POST-TRANSACTION/PROPOSED OWNERSHIP CHART (For Transfer of Ownership only) Attach a chart that clearly delineates 100% the proposed ownership structure. Include all direct and indirect ownership interests.
Accepted		c.	AGREEMENT OF SALE or TRANSFER AGREEMENT or LETTER OF INTENT or PURCHASE AGREEMENT(For Transfer of Ownership only) Must attach fully executed Agreement of Sale signed and dated by the buyer and seller.
PAGE 4 of Application:			
Accepted		a.	ANSWER THE FIVE QUESTIONS Question 1: If yes, Identify attachment as "Question 1 Response"
Accepted		b.	Question 2: If yes, attach FACILITY LISTS
Accepted		c.	Questions 3, 4, 5: If yes, Identify attachment as "Question (#) Response"
Accepted		d.	All Applications: (Skip if: relocating, or reducing bed/service) Attach a NJ FACILITIES LIST: Identifying all NJ facilities by facility name, address, and license number
Accepted		e.	All Applications (Skip if: relocating, or adding/reducing beds/services) Attach an OUT-OF-STATE FACILITIES LIST: Identifying all Out-of-State health care facilities listed by facility name, address and state.
Accepted		f.	All Applications (Skip if: relocating, or adding/reducing beds/services) Attach an OUT-OF-STATE TRACK RECORD DOCUMENT(S) (choose one option): <ul style="list-style-type: none"> <u>Option 1</u>: AGENCY REPORTS: Attach an of Out-of-State track record reports from the State regulatory agencies. All Out-of-State track record reports must be included at the time of submission of the application. <u>Option 2</u>: TRACK RECORD CHART (EXCEL) <u>AND</u> ATTESTATION: Attach the two (2) documents, Out-of-State track record chart(s) (an excel spreadsheet) for similar facility types as defined on Page 1 of the application. <u>AND</u> Track Record Attestation
Accepted		e.	CERTIFICATION: must be completed.

STEP 2: ATTACH COVER LETTER/NARRATIVE and Functional Review Documents			
Accepted		a.	NARRATIVE provides a complete and detailed description of the proposed project/transaction. The narrative must be on letterhead and must include the facility name, address, license number (if applicable) and existing and/or proposed licensed services in addition to the name, title, company, telephone number, e-mail address and mailing address of the designated contact person for the application. FOR TRANSFER OF OWNERSHIP: Narrative must state applicants intent to purchase the facility.
STEP 3: TRANSFER OF OWNERSHIP FOR NURSING HOMES (ONLY)			
NOT Accepted		CHOOSE ONE OPTION (A, B, C or D) marked box(es) identifies missing document(s)	
		Transfer of CONTROLLING Interest, the individual/ entity	
		<input type="checkbox"/> Option A	NEVER previously owned or operated a licensed health care facility in NJ (26:2h-7.26(a)(1) or TOO application was submitted within 6 months of prior approved TOO. <input type="checkbox"/> Attach: projection of "Profits and Losses" for 3 years. <input type="checkbox"/> Attach: "Capital Budget" <input type="checkbox"/> Attach: "CBI Clearance" or proof of inquiry for each proposed owner/principal If answer to Question 2 is "no", the following 3 items are not required. <input type="checkbox"/> Attach: "health care facility list" for preceding <u>3</u> years <input type="checkbox"/> Attach: "Financial Statements" for each facility for last <u>3</u> years. <input type="checkbox"/> Attach: "Enforcement Actions"
		<input checked="" type="checkbox"/> Option B	HAS previously owned or operated a licensed health care facility in NJ (26:2h-7.26(a)(2) <input type="checkbox"/> Attach: projection of "Profits and Losses" for 3 years <input checked="" type="checkbox"/> Attach: "Capital Budget" <input type="checkbox"/> Attach: "health care facility list" for preceding <u>1</u> year <input checked="" type="checkbox"/> Attach: "Financial Statements" for each facility for last <u>1</u> year.
		Transfer of LESS THAN controlling Interest, the individual/ entity	
		<input type="checkbox"/> Option C	NEVER previously owned or operated a licensed health care facility in NJ (26:2h-7.26(a)(3) <input type="checkbox"/> Attach: "health care facility list" for preceding <u>1</u> year <input type="checkbox"/> Attach: "Enforcement Actions" during the last 1 year. <input type="checkbox"/> Attach: "CBI Clearance" inquiry for each proposed owner/principal
		<input type="checkbox"/> Option D	HAS previously owned or operated a licensed health care facility in NJ (26:2h-7.26(a)(4) <input type="checkbox"/> Attach: "health care facility list" for preceding <u>1</u> year <input type="checkbox"/> Attach: "Enforcement Actions" during the last 1 year.
STEP 4: ADULT DAY HEALTH SERVICE / PEDIATRIC DAY (ONLY)			
N/A		a.	ADULT DAY (ADHS): Attach a CN-6 form with LCS-9 form, and a copy of PROCEED TO DCA LETTER. Note: Functional Review is required prior to submitting license application for Adult Day Health Service.
N/A		b.	PEDIATRIC MEDICAL DAY (PMD): Attach a copy of PROCEED TO DCA letter. NOTE: Functional Review is required prior to submitting license application.

STEP 5: ATTACH ATTESTATION OF COMPLIANCE			
Accepted		a.	All applications: ATTESTATION OF COMPLIANCE to appropriate N.J.A.C.: Signed and dated statement by the proposed or current licensed operator that he/she has read, understands and will comply with applicable N.J.A.C.
STEP 6: CRIMINAL BACKGROUND INVESTIGATION (CBI) / FINGERPRINTING			
N/A		a.	ADULT DAY (ADHS) ONLY: Attach confirmation that CRIMINAL BACKGROUND INVESTIGATION (CBI) CLEARANCE for all Owners and Administrators was initiated. Include a list of owners and administrators by First and Last Name.
N/A		b.	PEDIATRIC MEDICAL DAY (PMD) ONLY: Attach confirmation that CRIMINAL BACKGROUND INVESTIGATION (CBI) CLEARANCE for all Owners, Administrators, Employees and Volunteers was initiated. Include a list of individuals by First and Last Name.

BEFORE YOU RESUBMIT YOUR APPLICATION VIA EMAIL:

- Did you attach receipt of e-pay? <https://www.nj.gov/health/healthfacilities/epayments.shtml>
- Are all essential documents attached?
- If an 855 is required, be sure all names and numbers on the 855 match the LCS-9.
- Did you include information for Contact Person for this application?
 - Name, Title, Mailing Address, Email Address, Phone Number?
- FACILITY LICENSE RENEWALS can be submitted online at <https://dohlicensing.nj.gov/>
- EMAIL APPLICATIONS: The Department no longer recommends sending paper applications.
- EMAIL PDF documents to CNL Intake Unit: CNLapps@doh.nj.gov
 - Subject Line for email must include license number and/or facility name

How to submit an acceptable application for processing

PROJECT TYPE: New Facility / Amendment to License / Transfer of Ownership

APPLICATION FORMS: LCS-9 (<http://www.nj.gov/health/forms>)

FACILITY TYPE: Adult Day Health Services (ADHS), Alternate Family Care (AFC), Assisted Living Program (ALP), Assisted Living Residence (ALR), Comprehensive Personal Care Home (CPCH), Pediatric Medical Day (PMD), Residential Health Care Facility (RHC), Skilled Nursing Facility/Nursing Home (SNF/NH), any facility licensed for long-term care beds.

ALL ATTACHED DOCUMENTS: Must be clearly labeled and referenced in the appropriate section within the application. Email attachments *must* be PDF format. Out of State track record charts may be an Excel document.

LICENSURE/INSPECTION FEES (NON-REFUNDABLE): The Department recommends e-Pay (<http://www.nj.gov/health/healthfacilities/epayments.shtml>) as the method of payment. Confirmation of e-Pay receipt must be sent with the application. Paper checks must identify the facility by tracking number or license number or facility name as it appears on application. Any paper check, for a single facility or for multiple facilities, mailed to this office without identification license number or facility name may be returned to the applicant and the application will be deemed not accepted for processing. Applications without payment may be deemed not accepted for processing. E-pay will remain on file until a full application is received with e-pay confirmation attached.

ENTIRE APPLICATION REQUIRED: Upon receipt of your application and prior to assignment to an analyst, the application and accompanying documentation will undergo a review by the Intake Team to validate if application is accepted for processing. If any of items listed below are missing, the application and accompanying documentation will be deemed not accepted for processing. The applicant will be notified via email and/or first-class mail. **You must resubmit the entire application with documents to the Department for processing and attach, or re-attach, confirmation of payment.**

TRANSFER OF OWNERSHIP: A transfer of ownership application will not be accepted for processing if a prior transfer of ownership application is incomplete for the same facility.

ANY CN RELATED PROJECT: Include CN # and a signed certification of the final total project cost with additional fees, as applicable.

ADDITIONAL INFORMATION: May be requested during the application review process.

EMAIL APPLICATIONS WITH PAYMENT CONFIRMATION TO:

EMAIL SUBJECT: Must include license number and/or facility name as it appears on application/license

E-PAY: <https://www.nj.gov/health/healthfacilities/epayments.shtml>

EMAIL ADDRESS: CNLapps@doh.nj.gov

NOTE: Send PDF, the Department no longer recommends paper applications.

FIRST CLASS MAIL:

P.O. Box 358
Trenton, New Jersey 08625-0358

OVERNIGHT MAIL:

120 South Stockton Street, 3rd Floor
Trenton, New Jersey 08608-1832



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

February 18, 2022

VIA ELECTRONIC & FIRST-CLASS MAIL

Boruch Mermelstein
Lakeland Operator, LLC.
15 America Avenue, Suite 210
Lakewood, NJ 08701
barrym@preferredcarehc.com

Re: Lakeland Nursing & Rehab
25 Fifth Avenue
Haskell, NJ 07420
License # 061621
Application # LA-061621-20699
Transfer of Ownership
Completeness Questions

Dear Mr. Mermelstein:

The Department of Health (Department), Office of Certificate of Need and Healthcare Facility Licensure Program, has conducted its preliminary review of the transfer of ownership application dated November 26, 2021, which was received by this office on December 03, 2021. The referenced correspondence and application submitted is for the proposed transfer of ownership of Lakeland Health Care Center from Lakeland Operations, LLC to Lakeland Operator, LLC, with a change in facility name from Lakeland Health Care Center to Lakeland Nursing & Rehab.

Lakeland Health Care Center is a Long-Term Care Skilled Nursing Facility licensed to provide 201 Long-Term Care Beds, located in Passaic County at 25 Fifth Avenue, Haskell, NJ 07420.

After having reviewed the application, the Department finds that additional information is needed in order to continue the evaluation. Please respond to the following questions and or requests:

1. Please provide additional information which shall include contact information for the three Trusts owned by Moss Ellenbogen.
2. Please confirm whether the proposed licensed operator will apply for a new CMS number.
3. Please provide an attestation for the Out of State Track Record Chart.
4. Please provide the name and phone number of the person responsible for Medical Records.

Please restate each of the Department's questions followed by your response and submit your responses to the Department within 30 days. Please be advised that based on review of the responses, additional questions and/or requests may be forthcoming.

Lakeland Nursing & Rehab (License # 061621)
Transfer of Ownership
Page 2

If you have any questions regarding this matter, please feel free to contact Marianne Koriakos at Marianne.Koriakos@doh.nj.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Marianne'.

Marianne Koriakos
Quality Assurance Specialist
Certificate of Need & Healthcare Facility
Licensure Program

cc: A. Ventura
J. Kasko

Lakeland Nursing & Rehab
License # 061621
Application # LA-061621-20699

Question 1. Please provide additional information which shall include contact information for the three trusts owned by Moss Ellenbogen?

Response 1. The address and contact information for Moss Ellenbogen, Trustee is
Address: [REDACTED]
Email: [REDACTED]
Phone: [REDACTED]

Response 2. Please confirm whether the proposed licensed operator will apply for a new CMS number?

Question 2. No, the proposed licensed operator will not apply for a new CMS number. Upon completion of the transaction, the new operator will file form 855A for the change of ownership.

Question 3. Please provide an attestation for the Out of State Track Record Chart.?

Response 3. Please see attached updated Attestation for the Out of State Track Record Chart.

Question 4. Please provide the name and phone number of the person responsible for Medical Records?

Response 4. The name and phone number of the person responsible for Medical Records subsequent to Closing is Josh Brown at 845-642-9186.

Lakeland Operator LLC
15 America Avenue, Suite 210
Lakewood, New Jersey 08701

I attest that I am an authorized representative of Lakeland Operator LLC and I have provided a complete list of the names and addresses of every facility or service similar to the services proposed in the submitted application, which is owned, operated or managed, in whole or in part, by Lakeland Operator LLC. I confirm that the records of these facilities have been and will continue to be monitored so that all State regulatory compliance issues, and Federal compliance, if applicable, have been and will be identified on a continuous basis.

This will also serve as an attestation that for the track record period specified prior to the date of the submission of the pending application to the Department of Health to the present, that all out-of-state facilities or services similar to those proposed in the submitted application which are owned, operated or managed, in whole or in part, by Lakeland Operator LLC, which are not listed in the attached chart are in substantial compliance with applicable State licensure and Federal requirements, if applicable, in accordance with N.J.A.C. 8:33-4.10(d). This verifies that, except as listed on the attached chart, there are: a) no significant compliance issue(s), which is defined as a situation, condition or circumstance that may pose serious risks to life, safety or quality of care for patients, residents or clients; b) no citation or notice of deficiencies posing actual harm, or immediate or serious risk of harm; and c) no findings of a substandard quality of care leading to enforcement actions against the facility license.

I further attest that the attached chart only lists those facilities with significant compliance issues as defined above. I attest that the chart is accurate and complete, and contains the name of any facility with substantial compliance issues, during the time period specified prior to the date of the submission of the pending application to the present. I attest that the compliance issues identified in the chart have been corrected within time frames defined by the relevant jurisdiction.

Finally, I agree that this attestation will be updated every 60 days from the date below to the date of the final determination of the pending application. I understand it is the Applicant's responsibility to submit the updated attestation and chart, if compliance issues arise, every 60 days, and to continue to alert the Department of Health to any significant compliance issues until the final determination on the pending application.

Applicant/ Proposed Licensee: Lakeland Operator LLC

Applicant/ Proposed Licensee or Authorized Representative - signature:


Boruch Mermelstein

Date: 2/24/22

Date application submitted: November 30, 2021

Track Record Time Frame: November 30, 2020 – February 24, 2022

Total number of facilities owned, managed or operated by Applicant: 10

Total number of facilities owned, managed or operated out-of-state: 5

Total number of facilities listed on DOH Track Record form with non-compliance issues: 0



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358
www.nj.gov/health

PHILIP D. MURPHY
Governor
SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

May 13, 2022

VIA ELECTRONIC & FIRST-CLASS MAIL

Boruch Mermelstein
Lakeland Operator, LLC.
15 America Avenue, Suite 210
Lakewood, NJ 08701

Re: Lakeland Nursing & Rehab
25 Fifth Avenue
Haskell, NJ 07420
License # 061621
Application # LA-061621-20699
Transfer of Ownership
Completeness Questions 2nd Set

Dear Mr. Mermelstein:

The Department of Health (Department), Office of Certificate of Need and Healthcare Facility Licensure Program, has conducted its preliminary review of the transfer of ownership application dated November 26, 2021, which was received by this office on December 03, 2021. The referenced correspondence and application submitted is for the proposed transfer of ownership of Lakeland Health Care Center from Lakeland Operations, LLC to Lakeland Operator, LLC, with a change in facility name from Lakeland Health Care Center to Lakeland Nursing & Rehab.

Lakeland Health Care Center is a Long-Term Care Skilled Nursing Facility licensed to provide 201 Long-Term Care Beds, located in Passaic County at 25 Fifth Avenue, Haskell, NJ 07420.

After having reviewed the application, the Department finds that additional information is needed in order to continue the evaluation. Please respond to the following questions and or requests:

1. An applicant is required to "submit a projection of profits and losses for the next three years and a capital budget projection for the next three years" N.J. Stat. § 26:2H-7.26(a)(2)(a). Please submit the required capital budget.
2. An applicant is required to "disclose any licensed health care facilities owned, operated, or managed by the proposed owners and principals in any state or territory of the United States or in the District of Columbia in the preceding year, along with owner-certified financial statements for each facility owned, operated, or managed by the proposed owners and principals in New Jersey for the last year during which the facility was owned, operated, or managed by owner or principal" N.J. Stat. § 26:2H-7.26(a)(2)(b). Please submit the required financial statements.

3. New state law requires the Department to post online, for public review, either a description/narrative or the licensing application for this proposed ownership change. N.J. Stat. § 26:2H-7.25. Please inform us in writing which you would like to have posted online – the description/narrative or the application?
4. Please be aware that a CMS Form 855 is required for this transfer of ownership. Please notify Marie Chapman at Marie.Chapman@doh.nj.gov that you are filing Form 855.
5. The existing license for this facility includes "peritoneal dialysis" which is not mentioned in application. The application, however, includes "IV Therapy" but that is not listed on the existing license. Please clarify this discrepancy.

Please restate each of the Department's questions followed by your response and submit your responses to the Department within 30 days. Please be advised that based on review of the responses, additional questions and/or requests may be forthcoming.

If you have any questions regarding this matter, please feel free to contact me at Gary.Spiewak@doh.nj.gov.

Sincerely,



Gary Spiewak
Certificate of Need and
Healthcare Facility Licensure

cc: Luisa Alexopoulos, DOH
Antonella Ventura, DOH
David Kostinas, David G. Kostinas & Associates

Question 1. An applicant is required to “submit a projection of profits and losses for the next three years and a capital budget projection for the next three years” N. J. Stat. S 26:2H-7.26(a)(2)(a). Please submit the required capital budget.

Response 1. Proforma attached including “Capital Budget” on page 2.

Question 2. An applicant is required to “disclose any licensed health care facilities owned, operated, or managed by the proposed owners and principals in any state or territory of the United States or in the District of Columbia in the preceding year, along with owner-certified financial statements for each facility owned, operated, or managed by the proposed owners and principals in New Jersey for the last year during which the facility was owned, operated, or managed by owner or principal” N. J. Stat. S 26:2H-7.26(a)(2)(b). Please submit the required financial statements.

Response 2. Financials for related owner facilities are attached on page 3.

Question 3. New state law requires the Department to post online, for public review, either a description/narrative or the licensing application for this proposed ownership change. N. J. Stat. S 26:2H-7.25. Please inform us in writing which you would like to have posted online – the description/narrative or the application?

Response 3. See attached Summary on page 4 .

Question 4. Please be aware that a CMS Form 855 is required for this transfer of ownership. Please notify Marie Chapman at Marie.Chapman@doh.nj.gov that you are filing Form 855.

Response 4. The applicant will comply.

Question 5. The existing license for this facility includes “peritoneal dialysis” which is not mentioned in application. The application, however, includes “IV Therapy” but that is not listed on the existing license. Please clarify this discrepancy.

Response 5. Please see revised LCS-9 page 4 in the attachments on page 7.

Lakeland

	Year 1		Year 2		Year 3	
Licensed beds	201		201		201	
Available Beds	73,365		73,365		73,365	
Days in Period	365		365		365	
Available Patient Days	73,365		73,365		73,365	
Average Daily Census	111		121		133	
Occupancy	55%		60%		66%	
<u>Census</u>		PPD		PPD		PPD
Medicaid Census	7,300	20.00	7,665	21.00	8,432	23.10
Managed Medicaid Census	25,550	70.00	28,105	77.00	30,916	84.70
Medicare Census	4,015	11.00	4,417	12.10	4,858	13.31
HMO Census	548	1.50	602	1.65	662	1.82
Private Census	1,825	5.00	2,008	5.50	2,208	6.05
Hospice Census	1,095	3.00	1,205	3.30	1,325	3.63
						-
Total	40,333	110.50	44,001	120.55	48,401	132.61
<u>Net Patient Revenues</u>						
Medicaid	\$ 1,778,426	243.62	\$ 1,867,347	243.62	\$ 2,054,082	243.62
Managed Medicaid	\$ 6,224,491	243.62	\$ 6,846,940	243.62	\$ 7,531,634	243.62
Medicare	\$ 2,730,200	680.00	\$ 3,091,550	700.00	\$ 3,400,705	700.00
HMO	\$ 273,750	500.00	\$ 301,125	500.00	\$ 331,238	500.00
Private	\$ 547,500	300.00	\$ 602,250	300.00	\$ 662,475	300.00
Hospice	\$ 266,764	243.62	\$ 293,440	243.62	\$ 322,784	243.62
Optum	\$ 25,550	1.00	\$ 28,105	1.00	\$ 30,916	1.00
Part B	\$ 144,000	3.57	\$ 144,000	3.27	\$ 144,000	2.98
Total Net Revenues	\$ 11,990,681	\$297.30	\$ 13,174,758	\$299.42	\$ 14,477,833	\$299.12
<u>Operating Expenses</u>						
Nursing Contracted	\$ 3,900,556	\$96.71	\$ 4,290,612	\$97.51	\$ 4,719,673	\$97.51
Medical Director	\$ 36,000	\$0.89	\$ 36,000	\$0.82	\$ 36,000	\$0.74
Medical Supplies and other nursing	\$ 221,829	\$5.50	\$ 242,004	\$5.50	\$ 266,205	\$5.50
Pharmacy	\$ 136,875	\$3.39	\$ 150,563	\$3.42	\$ 165,619	\$3.42
Therapy Other	\$ 308,425	\$7.65	\$ 342,660	\$7.79	\$ 410,514	\$8.48
Other Ancillary	\$ 60,499	\$1.50	\$ 66,001	\$1.50	\$ 72,601	\$1.50
Activity other	\$ 20,166	\$0.50	\$ 22,000	\$0.50	\$ 24,200	\$0.50
Activities Contracted	\$ 162,481	\$4.03	\$ 178,729	\$4.06	\$ 196,602	\$4.06
SS Salaries	\$ 66,560	\$1.65	\$ 73,216	\$1.66	\$ 80,538	\$1.66
Dietary Contract	\$ 867,149	\$21.50	\$ 946,016	\$21.50	\$ 1,040,618	\$21.50
Housekeeping & Laundry Other Contracted	\$ 423,491	\$10.50	\$ 462,008	\$10.50	\$ 508,209	\$10.50
Administrator Salary	\$ 175,000	\$4.34	\$ 180,250	\$4.47	\$ 185,658	\$4.60
General Admin salary	\$ 309,133	\$7.66	\$ 309,133	\$7.66	\$ 309,133	\$7.66
Admin Other	\$ 310,000	\$7.69	\$ 310,000	\$7.05	\$ 310,000	\$6.40
Maintenance Salaries	\$ 104,000	\$2.58	\$ 114,400	\$2.84	\$ 125,840	\$3.12
Maintenance Other	\$ 125,000	\$3.10	\$ 125,000	\$3.10	\$ 125,000	\$3.10
Capital Budget	\$ 300,000	\$7.44	\$ 500,000	\$12.40	\$ 500,000	\$12.40
Assessment tax	\$ 518,913	\$12.87	\$ 565,815	\$12.86	\$ 622,396	\$12.86
Utility	\$ 245,987	\$6.10	\$ 253,367	\$5.76	\$ 260,968	\$5.39
Bad Debt	\$ 239,814	\$5.95	\$ 263,495	\$5.99	\$ 289,557	\$5.98
Insurance PL/GL and Property and other	\$ 226,000	\$5.60	\$ 226,000	\$5.14	\$ 226,000	\$4.67
Total Operating Expense	\$ 8,757,878	\$217.14	\$ 9,657,269	\$219.48	\$ 10,475,329	\$216.43
EBITDARM Profit/(Loss)	\$ 3,232,803	\$80.15	\$ 3,517,489	\$79.94	\$ 4,002,505	\$82.69
Management	\$ 599,534	\$14.86	\$ 658,738	\$14.97	\$ 723,892	\$14.96
EBITDAR Profit/(Loss)	\$ 2,633,269	\$65.29	\$ 2,858,751	\$64.97	\$ 3,278,613	\$67.74
Rent	\$ 2,160,000	\$53.55	\$ 2,224,800	\$50.56	\$ 2,291,544	\$47.35
EBITDA Profit/(Loss)	\$ 473,269	\$11.73	\$ 633,951	\$14.41	\$ 987,069	\$20.39

Preferred Care NJ

Revenue and Expenses per Patient Day

As of December 31, 2021

Reporting Book:

As of Date:

Location:

ACCRUAL

12/31/2021

Preferred Care at Absecon

Year To Date 12/31/2021	Actual
22,140,123.00	

Current Year Revenue
Total Revenue
Operating Expenses

Administrative & General
Dietary Housekeeping & Laundry
Property & Plant Operations
Maintenance
Nursing
Medical Supplies
Medicare Expenses
Other Expenses
Total Operating Expenses

3,481,309.62	
1,316,792.13	
5,231,976.00	
327,050.08	
5,954,105.15	
830,161.01	
1,495,129.00	
1,315,060.00	
19,951,582.99	

Preferred Care at Hamilton

Year To Date 12/31/2021	Actual
12,007,570.00	

Preferred Care at Wall

Year To Date 12/31/2021	Actual
17,955,904.00	

Preferred Care at Old Bridge

Year To Date 12/31/2021	Actual
13,212,510.00	

Preferred Care at Mercer

Year To Date 12/31/2021	Actual
12,938,112.00	

3,083,568.39	
685,135.52	
1,435,791.00	
236,868.38	
4,165,374.06	
563,517.65	
1,374,150.00	
684,639.00	
12,229,044.00	

Capital expenditures

802,595.00	
------------	--

1,444,399.00	
--------------	--

54,388.00	
-----------	--

244,485.00	
------------	--

11,635.00	
-----------	--

Net Income (Loss)

1,385,945.01	
--------------	--

(540,986.99)	
--------------	--

1,263,580.00	
--------------	--

(173,738.25)	
--------------	--

697,433.00	
------------	--

Lakeland Healthcare Center
25 Fifth Avenue
Haskell, New Jersey 07420

APPLICATION SUMMARY

Date application filed: November 30, 2021

Name of facility: Lakeland Healthcare Center

License number: 061621

Address: 25 Fifth Avenue, Haskell, NJ 07420

County: Passaic

Project Description: This application involves the Transfer of Ownership of the operations of Lakeland Health Care Center in Passaic County. The new owner, Lakeland Operator LLC will operate the facility through a lease agreement with Lakeland Realty SNF LLC. The prospective owners current own and operate several licensed healthcare facilities in New Jersey and several other states with excellent track records.

Licensed capacity: 201 long term care beds

Current Licensed Owner: Lakeland Operations LLC
Aryeh Stern 1005

Proposed Licensed Owner: Lakeland Operator LLC
See attached Organizational Chart

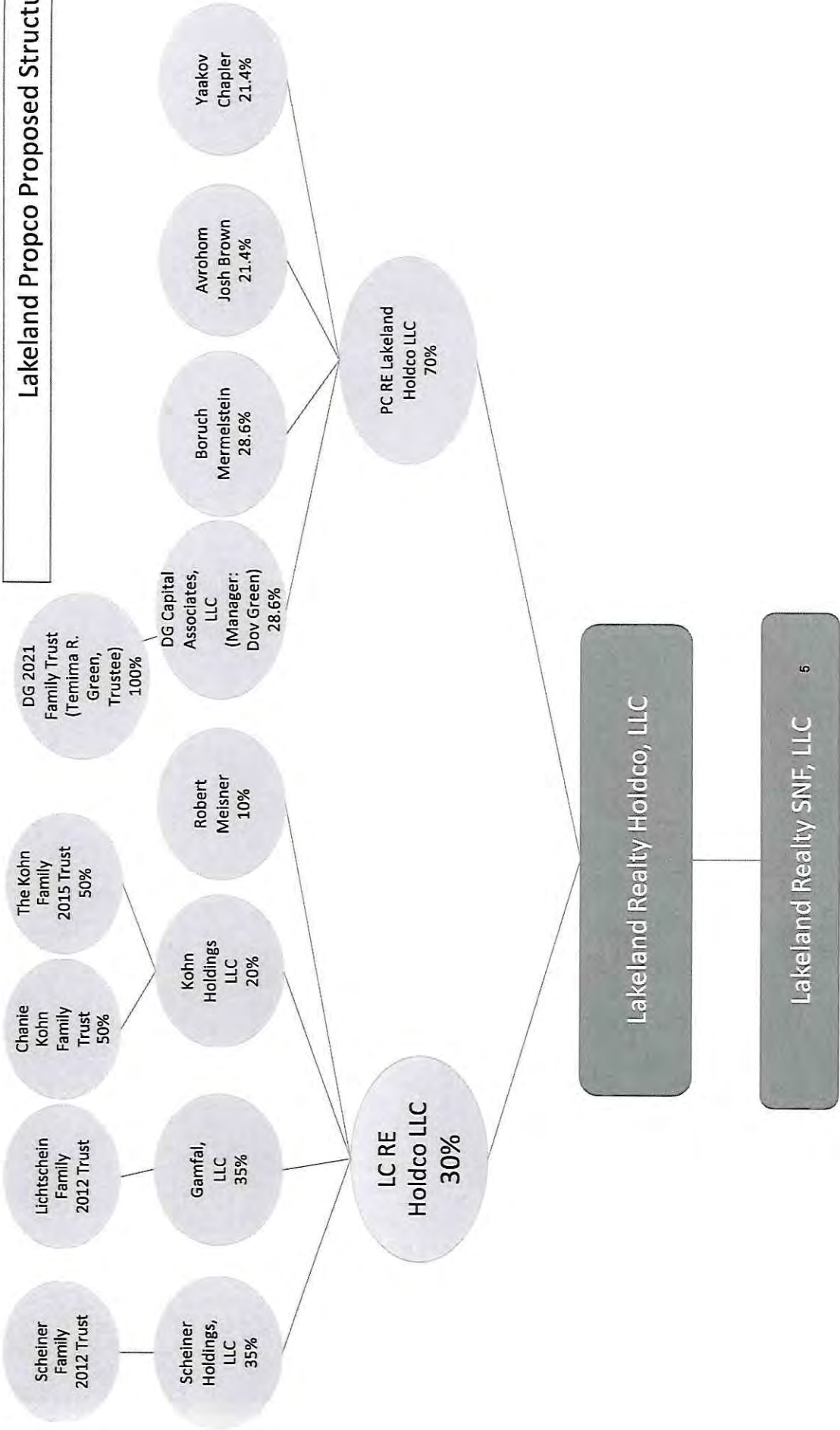
Proposed Management Company None

Ownership of Management Company: N/A

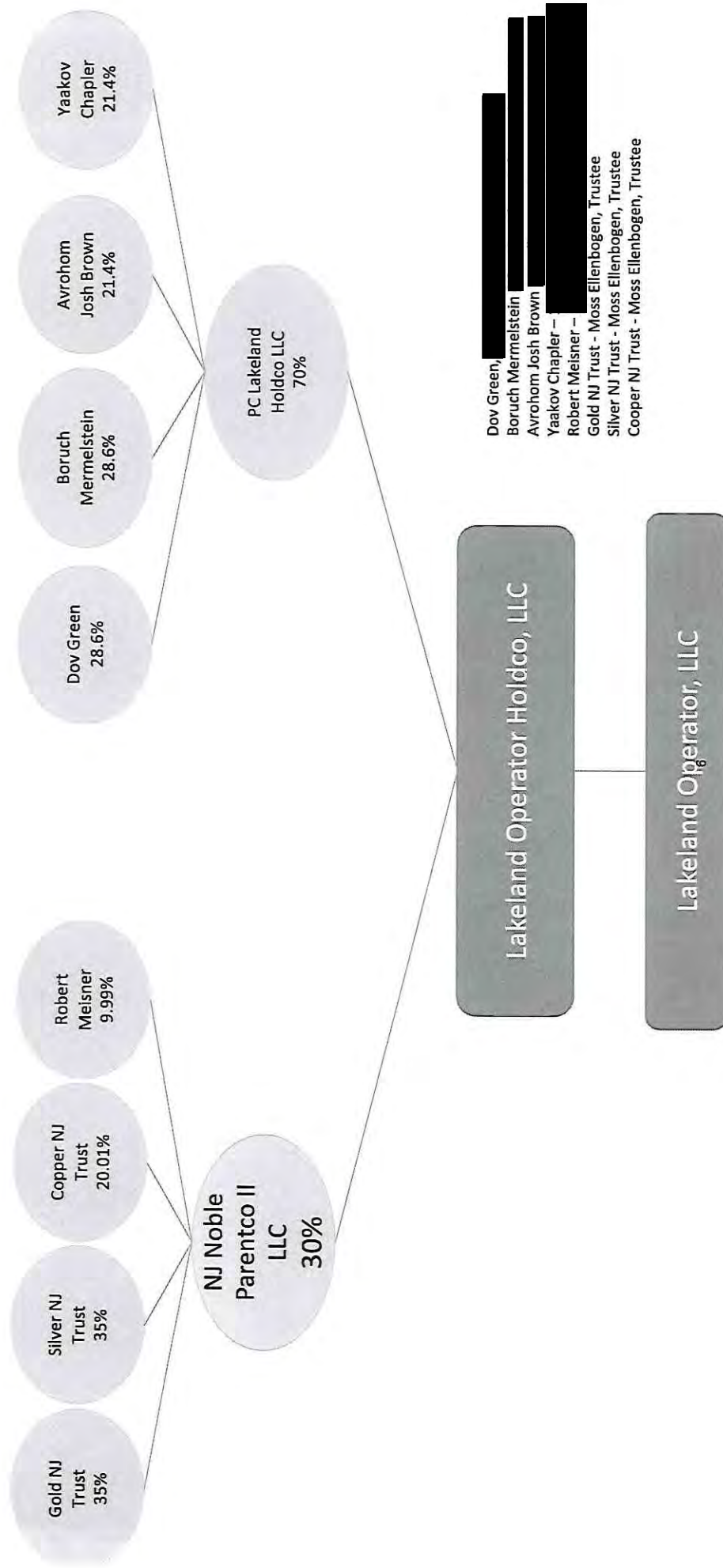
Owner of Real Estate: Lakeland Realty SNF LLC

Location of stored medical records post-closing: The name and phone number of the person responsible for Medical Records subsequent to Closing is Josh Brown at 845-642-9186.

Lakeland Propco Proposed Structure



Lakeland Opco Proposed Structure



APPLICATION FOR A LONG TERM CARE FACILITY LICENSE, Continued

Official Name of Facility (Provider Name): Lakeland Nursing & Rehab	EIN Number: [REDACTED]
-------------------------------------------------------------------------------	----------------------------------

Please indicate whether or not your facility offers the following:

	Yes	No	No. of Beds		Yes	No
Separate Units for Young Adults (Ages 21 through 64):	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Chronic Dialysis:		
Pediatrics:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Performed by In-House Staff:		
Ventilator:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Peritoneal:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Behavioral Management:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Hemodialysis:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Private Long Term Care:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	Performed by Outside Firm:		
Alzheimer's/Dementia:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Peritoneal:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
IV Therapy:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	-Hemodialysis:	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Assisted Living Programs and Alternate Family Care, list counties served from office site listed on page one:

Please answer the following questions. (Attach additional sheets if necessary.)

- Have you or any person mentioned in this application ever had an interest, directly or indirectly, in any application for health care facility in New Jersey or any other state, which was denied or revoked?
☐ Yes ☒ No If Yes, indicate whom and give details (attach additional sheets if necessary):

- Do any of the principals have ownership, management or operational interest in any other licensed health care facility in New Jersey, or any other state?
☒ Yes ☐ No If Yes, indicate whom and give details (attach additional sheets if necessary):
See related ownership page

- Are you related to any person who now operates or has ever operated a health care facility in New Jersey or elsewhere?
☐ Yes ☒ No If Yes, indicate whom and give details (attach additional sheets if necessary):

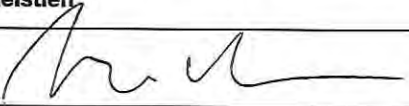
- Have any principals, owners, operators or managers of the facility ever been found guilty of a criminal or administrative charge of resident/patient fraud, abuse and/or neglect? Have any of these ever been indicted for the same charge?
☐ Yes ☒ No If Yes, indicate whom and give details (attach additional sheets if necessary):

- Have any principals, owners, operators or managers of the facility ever been indicted for or convicted of a felony crime?
☐ Yes ☒ No If Yes, indicate whom and give details (attach additional sheets if necessary):

CERTIFICATION

The applicant certifies:

- that all information contained in this application and attachments is true and correct, to the best of his/her knowledge and belief, and that willful misrepresentation of these facts may make the applicant subject to civil penalties;
- that the application been duly authorized by the governing body of the applicant; and
- that the facility has been and will be operated in accordance with applicable licensing requirements.

Name of Authorized Individual Completing Application (Print or Type) Boruch Mermelstien	Title Member
Signature 	Date 5/11/22

Lakeland Summary of Application

Lakeland Operator, LLC (“Lakeland Operator”) has requested approval and authorization to transfer the license and beds rights of Lakeland Nursing & Rehab (License # 061621”), a long-term care facility with 201 beds located at 25 Fifth Ave, Haskell, NJ 07420, New Jersey (Passaic County).

Proposed ownership of Lakeland Nursing & Rehab is by Lakeland Operator, LLC, an Operating Company with the following managing principals: Dov Green and Boruch Mermelstein

Mr. Dov Green and Mr. Boruch Mermelstein, the principals/managers of Preferred Care. Preferred Care manages several licensed healthcare facilities in New Jersey and several other states with excellent track records.

From: [Spiewak, Gary \[DOH\]](#)
To: dovgreen22@gmail.com
Cc: "[Barry Mermelstein](#)"; "[David Kostinas](#)"; [Clelland, Lesley \[DOH\]](#)
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Monday, June 27, 2022 10:16:00 AM

Mr. Green –

Our financial reviewers had an opportunity to review the additional material you sent in last Thursday, but were not satisfied with your responses. Specifically, they noted:

“... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant’s ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant’s response to our question regarding same was:

‘Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can’t speak to the seller’s costs. I can only speak to our costs.’

More detail would certainly help us understand the basis for the applicant’s projection(s).
Thank you. “

As such, it would be appreciated if you would provide additional details as per the concerns raised by our financial reviewers.

Thank you.

// Gary Spiewak

New Jersey Department of Health
Certificate of Need & Licensing
Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

-

First Class Mail:
P.O. Box 358
Trenton, NJ 08625-0358

OVERNIGHT MAIL:
120 South Stockton Street, 3rd Fl.
Trenton, NJ 08608

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From: [Spiewak, Gary \[DOH\]](#)
To: dovgreen22@gmail.com
Cc: ["Barry Mermelstein"; "David Kostinas"; Clelland, Lesley \[DOH\]](#)
Subject: RE: Lakeland Health Care Center - License 061621 - Questions
Date: Wednesday, June 22, 2022 4:21:00 PM
Attachments: [Certificate of Need Application Review Questions - Lakeland 06-22-2022.docx](#)

Mr. Green, et al.:

The Department of Health (Department) requires additional information with regard to the application to establish an assisted living residence. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that "Once an application has been submitted to the Department, no subsequent submission of information shall be accepted, unless specifically requested in writing by the Department. ..."

Attached please find Completeness Questions for your response within ten business days of receipt of this e-mail. To facilitate the review of your responses, it is requested that your response be presented in a question and answer format (i.e., restate each question and follow with the appropriate response).

Thank you.

// Gary Spiewak

New Jersey Department of Health
Certificate of Need & Licensing
Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

-

First Class Mail:
P.O. Box 358
Trenton, NJ 08625-0358

OVERNIGHT MAIL:
120 South Stockton Street, 3rd Fl.
Trenton, NJ 08608

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Certificate of Need Application Review Questions

Lakeland Health Care Center - License 061621

Reviewer – Frank Troy

ftroy@njhcffa.com

(609) 789-5631

1. Patient days by payor were computed as part of the review process. The analysis suggests a substantial increase of over 100% in Medicaid days in Forecast Year 1 over the Prior Year Actual. Private Pay days increased over 40%. Please comment.
2. Patient days increase by at least 7.9% annually during the forecast period but FTEs remain constant at 80.00. Please comment on the adequacy of staffing levels during the Forecast Years.
3. The average salary is forecast to increase by only 0.27% in Forecast Year 1 which appears low given the current state of the labor market. Please comment.
4. Supplies and Other Costs decrease substantially (approximately 60%) in Forecast Year 1 compared to Prior Year Actual on both a gross and per-patient-day basis. Please explain.
5. The Raw Food Cost per Meal is held constant at \$11.00 throughout the forecast period. Please comment.

From: dovgreen22@gmail.com
To: [Spiewak, Gary \[DOH\]](#)
Cc: ["Barry Mermelstein"](#); ["David Kostinas"](#); [Clelland, Lesley \[DOH\]](#)
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Wednesday, June 22, 2022 5:58:54 PM
Attachments: [Troy Question Response format 6.22.22.docx](#)

Gary, attached are the responses. Please let us know if their further information needed.

Regards,

Dov Green

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 22, 2022 4:22 PM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green, et al.:

The Department of Health (Department) requires additional information with regard to the application to establish an assisted living residence. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that "Once an application has been submitted to the Department, no subsequent submission of information shall be accepted, unless specifically requested in writing by the Department. ..."

Attached please find Completeness Questions for your response within ten business days of receipt of this e-mail. To facilitate the review of your responses, it is requested that your response be presented in a question and answer format (i.e., restate each question and follow with the appropriate response).

Thank you.

// Gary Spiewak

New Jersey Department of Health
Certificate of Need & Licensing
Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

-

First Class Mail:
P.O. Box 358
Trenton, NJ 08625-0358

OVERNIGHT MAIL:

rd

120 South Stockton Street, 3 FL.
Trenton, NJ 08608

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Certificate of Need Application Review Questions

Lakeland Health Care Center - License 061621

Reviewer – Frank Troy
ftroy@njhcffa.com
(609) 789-5631

Question 1. Patient days by payor were computed as part of the review process. The analysis suggests a substantial increase of over 100% in Medicaid days in Forecast Year 1 over the Prior Year Actual. Private Pay days increased over 40%. Please comment.

Response 1. The seller is on actual. Our projection is based on what we expect to do based on our knowledge of the market demographics and the competition in the area.

Question 2. Patient days increase by at least 7.9% annually during the forecast period but FTEs remain constant at 80.00. Please comment on the adequacy of staffing levels during the Forecast Years.

Response 2. These are projections. Increase in census means increase in staffing levels and costs and that is why there is an increase in labor costs as the census is increased in our projection. To project a FTEs that would be a complete guess since we do use many per diem employees as well on our nursing staff. The other employees in the facility that are not on the nursing staff would not need to be increase because we increased our census by 20-30 patients. if you feel its necessary to include a projected FTEs we can make up a number.

Question 3. The average salary is forecast to increase by only 0.27% in Forecast Year 1 which appears low given the current state of the labor market. Please comment.

Response 3. Labor costs are based on the current employee rates of pay at our projected staffing levels that we currently use at other facilities we operate in the state. The current operator is not running an efficient operation hence their census was below 50% occupancy in 2021 when the average facility in the state ran in the 65% range or greater.

Question 4. Supplies and Other Costs decrease substantially (approximately 60%) in Forecast Year 1 compared to Prior Year Actual on both a gross and per-patient-day basis. Please explain.

Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our costs.

Question 5. The Raw Food Cost per Meal is held constant at \$11.00 throughout the forecast period. Please comment.

Response 5. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our projected costs.

copying of this communication is strictly prohibited. If you have received this communication in error, please notify the author immediately by replying to this message and delete the original message. Thank you.

From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Wednesday, June 22, 2022 5:57 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, attached are the responses. Please let us know if their further information needed.

Regards,

Dov Green

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 22, 2022 4:22 PM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green, et al.:

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Thank you.

// Gary Spiewak
New Jersey Department of Health
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Fax: (609) 826-3745

-

First Class Mail:

P.O. Box 358

Trenton, NJ 08625-0358

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120 South Stockton Street, 3rd Fl.

Trenton, NJ 08608

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From: [Spiewak, Gary \[DOH\]](#)
To: [Dov Green](#)
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621
Date: Wednesday, June 22, 2022 12:26:00 PM

I am aware that you submitted the application approximately 8 months ago, but it was only assigned to me in mid-April. I can't give you a timeframe at this point, as the application has not yet been deemed complete. I have been informed that I should be hearing something on the financial review fairly soon, but until I do, I won't know whether there are more questions to be asked or if we will be able to deem the application complete. Once the application is deemed complete, however, a timeline for moving the application forward (including public hearings, etc.) will come into play, and I will then be able to further advise you about same.

// Gary Spiewak

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From: Dov Green <dovgreen22@gmail.com>
Sent: Wednesday, June 22, 2022 11:14 AM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Subject: Re: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Gary, thank you for the quick response. Is there is a time frame on when we can expect a Response. This application was submitted 8 months ago on nov 12 2021.

Thanks.

Dov

Sent from my iPhone

On Jun 22, 2022, at 10:58 AM, Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov> wrote:

The application is still being reviewed for completeness, particularly the financials you recently sent in. I will let you know when there is something else to report, but for the time being, there is no status change.

// Gary Spiewak

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From: Dov Green <dovgreen22@gmail.com>
Sent: Wednesday, June 22, 2022 10:44 AM

To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>

Subject: Re: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Good morning. I'm following on the status of this application. Please let me know if there is anything you would from further.

Regards.

Dov

Sent from my iPhone

On Jun 9, 2022, at 1:52 PM, Spiewak, Gary [DOH]
<Gary.Spiewak@doh.nj.gov> wrote:

Receipt acknowledged.
Thank you.

// Gary Spiewak

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Thursday, June 9, 2022 12:50 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Gary,

Attached is the projected budget information in the format requested.

Please confirm receipt.

Thank you!

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 8, 2022 9:53 AM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Mr. Green –

I have been advised that we will need at least one year of historical/actual data to be able to assess the reasonableness of the projected financial information. Please use the attached spreadsheet to provide historical and actual data and projections to allow our review of your application to proceed.

Thank you.

// Gary Spiewak

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Wednesday, May 25, 2022 6:48 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Thank you for the quick response.
We will await your feedback.

Regards,

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, May 25, 2022 4:58 PM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Mr. Green –

Please be advised that your application is under review. Note that certain aspects of the application have been sent to others within the Department for review in accordance with their areas of expertise. When those segments have been routed back to me, I will let you know if anything further is required before we can deem the application complete.

// Gary Spiewak

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Wednesday, May 25, 2022 1:23 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Good afternoon,

Im following up on this application status.

Thank you!

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Monday, May 16, 2022 11:49 AM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Mr. Green –

Your submissions have been received and I am in the process of reviewing them. I will let you know what, if anything, further you will need to do with regard to this application once I have finished reviewing the materials submitted.

// Gary Spiewak

New Jersey Department of Health
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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Monday, May 16, 2022 9:40 AM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Good morning Gary,

I'm just following up if this was received and what the next steps are to complete this application.

Regards,

Dov Green
732-966-6741

From: Dov Green <dovgreen22@gmail.com>

Sent: Wednesday, May 11, 2022 3:48 PM

To: Gary.Spiewak@doh.nj.gov

Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: Re: Lakeland Health Care Center - License 061621

Gary. I missed one item in my previous email that should have been attached. The public notice to be published online is attached.

Please let me know if there is anything else needed.

Regards,

Dov Green

Facility Name _____

UTILIZATION	Prior Year Actual	
Licensed Beds	201.00	
Available Beds	201.00	
Days in Period	365.00	
Available Patient Days	73,365.00	
Average Daily Census	102.37	
Occupancy Rate	0.51	

NET PATIENT REVENUES	PPD	
Medicaid	796,395.00	240.97
Managed Medicaid	6,350,592.00	242.53
Medicare	4,228,454.00	848.24
HMO and Commercial	383,351.00	819.13
Private	393,058.00	304.70
Hospice	276,011.00	243.61
Total Patient Revenues	12,427,861.00	
Other operating revenues	450,966.00	
Total Operating Revenues	12,878,827.00	

OPERATING EXPENSES	
Salaries & wages	5,104,138.40
Fringe benefits	1,276,034.60
Management fees	503,897.00
Rent - land and buildings	1,762,818.00
Supplies and other costs	4,376,075.00
Capital Expenditure budget	
Interest costs - explain changes in debt below	-
Depreciation and amortization	70,771.00
Total Operating Expenses	13,093,734.00

Income (Loss) from Operations	(214,907.00)
Other revenues	-
Net Income (Loss)	(214,907.00)

OPERATING COSTS	
Total FTEs	80.00
Average salary per FTE	63,801.73
Fringe benefit % (percent of salary)	20%
Raw food cost per meal	11.00

Forecast Year 1	
201.00	
201.00	
365.00	
73,365.00	
110.50	
0.55	

PPD	
1,778,426.00	243.62
6,224,491.00	243.62
2,730,200.00	680.00
273,750.00	500.00
547,500.00	300.00
266,763.90	243.62
11,821,130.90	
169,550.00	
11,990,680.90	

5,118,029.88
1,246,772.60
599,534.05
2,160,000.00
1,893,075.37
500,000.00
-
-
-
11,517,411.89

473,269.01
-
473,269.01

80.00
63,975.37
20%
11.00

Forecast Year 2	
201.00	
201.00	
365.00	
73,365.00	
120.55	
0.60	

PPD	
1,867,347.30	243.62
6,846,940.10	243.62
3,091,550.00	700.00
301,125.00	500.00
602,250.00	300.00
293,440.29	243.62
13,002,652.69	
172,105.00	
13,174,757.69	

5,580,239.85
1,361,210.00
658,737.88
2,224,800.00
2,215,819.16
500,000.00
-
-
-
12,540,806.90

633,950.79
-
633,950.79

80.00
69,753.00
20%
11.00

Forecast Year 3	
201.00	
201.00	
365.00	
73,365.00	
132.61	
0.66	

PPD	
2,054,082.03	243.62
7,531,634.11	243.62
3,400,705.00	700.00
331,237.50	500.00
662,475.00	300.00
322,784.32	243.62
14,302,917.96	
174,915.50	
14,477,833.46	

6,101,698.02
1,490,366.00
723,891.67
2,291,544.00
2,383,264.90
500,000.00
-
-
-
13,490,764.59

987,068.87
-
987,068.87

80.00
76,271.23
20%
11.00

From: dovgreen22@gmail.com
To: [Spiewak, Gary \[DOH\]](#)
Cc: ["Barry Mermelstein"](#); ["David Kostinas"](#); [Alexopoulos, Luisa \[DOH\]](#); [Ventura, Antonella \[DOH\]](#); [Clelland, Lesley \[DOH\]](#)
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621
Date: Thursday, June 9, 2022 12:51:27 PM
Attachments: [3 year PL.xlsx](#)

Gary,

Attached is the projected budget information in the format requested.

Please confirm receipt.

Thank you!

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 8, 2022 9:53 AM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

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Thank you.

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Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

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We will await your feedback.

Regards,

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, May 25, 2022 4:58 PM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

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// Gary Spiewak

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>

Sent: Wednesday, May 25, 2022 1:23 PM

To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>

Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Good afternoon,

Im following up on this application status.

Thank you!

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>

Sent: Monday, May 16, 2022 11:49 AM

To: dovgreen22@gmail.com

Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Mr. Green –

Your submissions have been received and I am in the process of reviewing them. I will let you know what, if anything, further you will need to do with regard to this application once I have finished reviewing the materials submitted.

// Gary Spiewak

New Jersey Department of Health
Certificate of Need & Licensing
Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

-

First Class Mail:
P.O. Box 358
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Trenton, NJ 08608

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>

Sent: Monday, May 16, 2022 9:40 AM

To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>

Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura,

Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH]
<Lesley.Clelland@doh.nj.gov>

Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Good morning Gary,

I'm just following up if this was received and what the next steps are to complete this application.

Regards,

Dov Green
732-966-6741

From: Dov Green <dovgreen22@gmail.com>

Sent: Wednesday, May 11, 2022 3:48 PM

To: Gary.Spiewak@doh.nj.gov

Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: Re: Lakeland Health Care Center - License 061621

Gary. I missed one item in my previous email that should have been attached. The public notice to be published online is attached.

Please let me know if there is anything else needed.

Regards,

Dov Green

Facility Name _____

UTILIZATION		Prior Year Actual	Current Year Projected	Forecast Year 1	Forecast Year 2	Forecast Year 3
Licensed Beds						
Available Beds						
Days in Period						
Available Patient Days						
Average Daily Census						
Occupancy Rate						
NET PATIENT REVENUES		PPD	PPD	PPD	PPD	PPD
Medicaid						
Managed Medicaid						
Medicare						
HMO and Commercial						
Private						
Hospice						
Total Patient Revenues	0		0	0	0	0
Other operating revenues						
Total Operating Revenues	0		0	0	0	0
OPERATING EXPENSES						
Salaries & wages						
Fringe benefits						
Management fees						
Rent - land and buildings						
Supplies and other costs						
Interest costs - explain changes in debt below						
Depreciation and amortization						
Total Operating Expenses	0		0	0	0	0
Income (Loss) from Operations	0		0	0	0	0
Other revenues						
Net Income (Loss)	0		0	0	0	0
OPERATING COSTS						
Total FTEs						
Average salary per FTE						
Fringe benefit % (percent of salary)						
Raw food cost per meal						
CAPITAL STRUCTURE						
Max annual debt service (MADS)						

From: [Spiewak, Gary \[DOH\]](#)
To: dovgreen22@gmail.com
Cc: ["Barry Mermelstein"](#); ["David Kostinas"](#); [Alexopoulos, Luisa \[DOH\]](#); [Ventura, Antonella \[DOH\]](#); [Clelland, Lesley \[DOH\]](#)
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621
Date: Wednesday, June 8, 2022 9:52:00 AM
Attachments: [3 year P&L revised.xlsx](#)

Mr. Green –

I have been advised that we will need at least one year of historical/actual data to be able to assess the reasonableness of the projected financial information. Please use the attached spreadsheet to provide historical and actual data and projections to allow our review of your application to proceed.

Thank you.

// Gary Spiewak

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-

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Sent: Wednesday, May 25, 2022 6:48 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura,

Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Thank you for the quick response.
We will await your feedback.

Regards,

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>

Sent: Wednesday, May 25, 2022 4:58 PM

To: dovgreen22@gmail.com

Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Alexopoulos, Luisa [DOH] <Luisa.Alexopoulos@doh.nj.gov>; Ventura, Antonella [DOH] <Antonella.Ventura@doh.nj.gov>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>

Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

Mr. Green –

Please be advised that your application is under review. Note that certain aspects of the application have been sent to others within the Department for review in accordance with their areas of expertise. When those segments have been routed back to me, I will let you know if anything further is required before we can deem the application complete.

// Gary Spiewak

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Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621

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// Gary Spiewak
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Subject: Re: Lakeland Health Care Center - License 061621

Gary. I missed one item in my previous email that should have been attached. The public notice to be published online is attached.

Please let me know if there is anything else needed.

Regards,

Dov Green

From: FTroy
To: Clelland, Lesley [DOH]; Tjauss
Cc: Spiewak, Gary [DOH]
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Thursday, July 7, 2022 3:38:34 PM
Attachments: image001.png
image002.png

Lesley, the Supplies and Other Costs Per Resident Day provided below are consistent with what we estimated for the listed facilities. The Lakeland costs per day are lower than any of these. It is the responsibility of the applicant to manage to these levels and achieve the projected results.
We have no further questions. Thank you.
Frank T.

From: Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Sent: Thursday, July 7, 2022 12:49 PM
To: FTroy <FTroy@NIHCFFA.com>; Tjauss <tjauss@NIHCFFA.com>
Cc: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Hi Frank/Taryn,

Please see the facility's response below, in blue, and let me know if you need any additional information. Thank you.

Gary,

Below I am going to share this detailed information. **However this is proprietary information and cannot be shared in any public memorandum online with the application.** You will notice that our Qmix is high so the PPD on revenue and expenses are higher in some areas because the acuity of the patients are higher. If it's necessary I'm happy to set up a call with the finance person reviewing this to discuss so we can move this application along.

Feel free to reach out with any additional questions.

	Preferred Care at Absecon	PPD	Preferred Care at Hamilton	PPD	Preferred Care at Wall	PPD	Preferred Care at Old Bridge	PPD	Preferred Care at Mercer	PPD
Medicaid Census	4,492.00	12.33	4,391.00	12.08	5,419.00	14.90	3,596.00	9.85	2,019.00	5.53
Managed Medicaid Census	31,908.00	80.02	14,910.00	40.89	19,075.00	51.38	20,119.00	55.72	13,512.00	42.54
Medicare Census	12,113.00	33.19	8,266.00	16.89	11,867.00	31.14	7,739.00	21.24	8,106.00	22.21
HMO and Commercial Census	2,993.00	8.17	2,593.00	7.10	1,557.00	4.27	2,185.00	5.99	3,450.00	9.45
Private Census	4,209.00	11.53	1,951.00	5.35	6,060.00	16.60	1,666.00	4.56	632.00	1.73
Respite Census	1,311.00	4.39	710.00	1.95	14.00	0.04	80.00	0.22	561.00	1.54
Total Census	48,014.00	131.55	30,721.00	84.17	43,532.00	119.21	35,626.00	97.61	30,256.00	83.00
PATIENT REVENUES										
Medicaid	1,575,968.00	890.84	1,064,178.00	242.35	1,876,049.00	253.00	849,357.00	236.19	512,299.00	253.74
Managed Medicaid	6,427,811.00	292.40	3,610,181.00	242.12	4,714,455.00	247.15	4,742,219.00	222.16	3,970,468.00	255.70
Medicare	8,427,144.00	696.54	4,064,513.00	659.18	7,740,893.00	681.00	5,566,240.00	717.39	5,695,888.00	702.68
HMO and Commercial	1,445,682.00	485.03	1,239,876.00	478.16	975,152.00	426.17	955,758.00	437.22	1,234,099.00	358.87
Private	1,507,872.00	384.18	643,478.00	331.05	3,886,385.00	311.29	683,619.00	350.31	200,442.00	317.22
Respite	620,691.00	268.58	186,616.00	262.84	2,243.00	160.21	22,423.00	280.29	151,927.00	270.81
Total Patient Revenues	19,615,095.00	416.86	10,811,242.00	351.92	16,495,287.00	383.69	12,719,616.00	357.03	11,709,161.00	388.47
Other operating revenues	3,125,018.00		1,184,328.00		1,260,617.00		452,884.00		1,164,948.00	
Total Operating Revenues	22,740,113.00	461.12	12,995,570.00	390.86	17,755,904.00	412.67	13,272,500.00	370.87	12,874,109.00	427.06
OPERATING EXPENSES										
Salaries & wages	7,615,250.39	158.60	4,824,519.19	157.04	5,917,931.20	136.01	5,494,287.40	154.22	4,870,694.40	160.77
Fringe benefits	1,903,812.60	39.65	1,206,129.80	39.26	1,479,482.80	34.00	1,373,571.85	38.56	1,217,673.60	40.19
Management fees	1,031,758.00	21.49	515,533.00	16.78	850,663.00	19.55	766,254.00	21.53	741,689.00	24.48
Rent - land and buildings	6,665,150.00	138.82	2,647,073.00	86.16	5,980,552.00	137.45	3,521,207.00	70.77	2,286,349.00	75.47
Supplies and other costs	2,444,993.00	50.11	1,760,479.00	61.91	2,350,184.00	53.82	2,093,445.00	62.29	3,091,194.00	102.10
Depreciation and amortization	86,701.00	1.85	9,008.00	0.29	89,141.00	2.05	54,602.00	1.53	19,442.00	0.64
	19,951,281.99	415.54	12,104,157.99	361.45	16,617,936.00	382.38	13,141,763.25	368.88	12,229,044.00	403.65
Capital expenditures	2,188,540.01	45.58	903,412.61	29.41	1,317,568.04	30.29	70,740.75	1.99	709,068.00	23.40
	802,595.00	16.72	1,444,399.00	47.02	14,388.00	1.25	244,485.00	6.84	11,635.00	0.38
	1,385,945.01	28.87	1,540,906.99	17.61	1,285,586.08	29.04	1,173,736.25	4.83	897,453.00	23.02

Lesley M. Clelland, MHS
Program Manager
NJ Department of Health
Division of Certificate of Need & Licensing
Certificate of Need and Healthcare Facility Licensure Program
Phone: (609) 376-7815
lesley.clelland@doh.nj.gov

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From: FTroy <FTroy@NIHCFFA.com>
Sent: Tuesday, July 5, 2022 1:58 PM
To: Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>; Tjauss <tjauss@NIHCFFA.com>
Cc: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Thank you, Lesley. While we do appreciate the applicant's response, we would need the resident days associated with the expense information provided to allow comparisons.
Please reach out to either Taryn or myself if you have any questions or concerns. Thank you.
Frank T.

From: Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Sent: Monday, June 27, 2022 4:01 PM
To: FTroy <FTroy@NIHCFFA.com>; Tjauss <tjauss@NIHCFFA.com>
Cc: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Subject: FW: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Hi Frank/Taryn,

Please see latest response from the Lakeland applicant. Please review and let me know if you have any additional questions. Thank you.

Lesley M. Clelland, MHS
Program Manager
NJ Department of Health
Division of Certificate of Need & Licensing
Certificate of Need and Healthcare Facility Licensure Program
Phone: (609) 376-7815
lesley.clelland@doh.nj.gov

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From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Monday, June 27, 2022 3:38 PM
To: Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: FW: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Below is the response from Lakeland. Please forward same on to Frank Troy, etc. Thanks.

// Gary Spiewak
New Jersey Department of Health
Certificate of Need & Licensing
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Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, in response to the follow up question below.

Question:

"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

'Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our costs.'

Response:

The Supply & Other expense is inflated mainly due to COVID related expenses. To add some confidence to our projection I have included the expenses of 5 of our current facilities in the state to show that our projection is consistent with what we have preformed at. Keep in mind that these costs can vary from building to building based on census and acuity of the patients at the facility.

Lakeland Care Center									
UTILIZATION	Forecast Year 1		Forecast Year 2		Forecast Year 3				
NET PATIENT REVENUES	PPD		PPD		PPD				
Medicaid	1,778,426.00	243.62	1,867,347.30	243.62	2,054,082.03	243.62			
Managed Medicaid	6,224,491.00	243.62	6,846,940.10	243.62	7,531,634.11	243.62			
Medicare	2,730,200.00	680.00	3,091,550.00	700.00	3,400,705.00	700.00			
HMO and Commercial	273,750.00	500.00	301,125.00	500.00	331,237.50	500.00			
Private	547,500.00	300.00	602,250.00	300.00	662,475.00	300.00			
Hospice	266,763.90	243.62	293,440.29	243.62	322,784.32	243.62			
Total Patient Revenues	11,821,130.90		13,002,652.69		14,302,917.96				
Other operating revenues	169,550.00		172,105.00		174,915.50		Preferred Care at Absecon	Preferred Care at Hamilton	Preferred Care at Wall
Total Operating Revenues	11,990,680.90		13,174,757.69		14,477,833.46		22,140,123.00	12,007,570.00	17,955,904.00
									Preferred Care at Old Bridge
									13,212,510.00
									Preferred Care at Mercer
									12,938,112.00
OPERATING EXPENSES									
Salaries & wages	5,118,029.88		5,580,239.85		6,101,698.02		7,615,250.39	4,824,519.19	5,917,931.20
Fringe benefits	1,246,772.60		1,361,210.00		1,490,366.00		1,903,612.60	1,206,129.80	1,479,482.80
Management fees	599,534.05		658,737.88		723,891.67		1,031,758.00	515,553.00	850,661.00
Rent - land and buildings	2,160,000.00		2,224,800.00		2,291,544.00		6,665,150.00	2,647,073.00	5,980,552.00
Supplies and other costs	2,393,075.37		2,715,819.16		2,883,264.90		2,646,911.00	1,901,875.00	2,320,168.00
Interest costs - explain									
changes in debt below	-		-		-			-	-
Depreciation and									
amortization	-		-		-		88,701.00	9,008.00	89,141.00
Total Operating Expenses	11,517,411.89		12,540,806.90		13,490,764.59		19,951,582.99	11,104,157.99	16,637,936.00
									54,602.00
									13,141,763.25
									12,229,044.00
Income (Loss) from									
Operations	473,269.01		633,950.79		987,068.87		2,188,540.01	903,412.01	1,317,968.00
Other revenues			-				802,595.00	1,444,399.00	54,388.00
Net Income (Loss)	473,269.01		633,950.79		987,068.87		1,385,945.01	(540,986.99)	1,263,580.00
									70,746.75
									244,485.00
									(173,738.25)
									697,433.00

Please let me know if anything further is needed.

Thank you!

Dov Green

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Monday, June 27, 2022 10:17 AM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green –

Our financial reviewers had an opportunity to review the additional material you sent in last Thursday, but were not satisfied with your responses. Specifically, they noted:

"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

'Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our costs.'

More detail would certainly help us understand the basis for the applicant's projection(s). Thank you. "

As such, it would be appreciated if you would provide additional details as per the concerns raised by our financial reviewers.

Thank you.

// Gary Spiewak
New Jersey Department of Health
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Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

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OVERNIGHT MAIL:
120 South Stockton Street, 3rd Fl.

Trenton, NJ 08608

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Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, attached are the responses. Please let us know if their further information needed.

Regards,

Dov Green

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 22, 2022 4:22 PM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green, et al.:

The Department of Health (Department) requires additional information with regard to the application to establish an assisted living residence. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that "Once an application has been submitted to the Department, no subsequent submission of information shall be accepted, unless specifically requested in writing by the Department. ..."

Attached please find Completeness Questions for your response within ten business days of receipt of this e-mail. To facilitate the review of your responses, it is requested that your response be presented in a question and answer format (i.e., restate each question and follow with the appropriate response).

Thank you.

// Gary Spiewak
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From: dougreen22@gmail.com
To: Spiewak, Gary [DOH]
Cc: Barry Mermelstein <David.Kostinas@Clelland.Lesley.DOH>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Thursday, July 7, 2022 12:43:01 PM
Attachments: image007.png
image008.png

Gary,

Below I am going to share this detailed information. However this is proprietary information and cannot be shared in any public memorandum online with the application. You will notice that our Qmix is high so the PPD on revenue and expenses are higher in some areas because the acuity of the patients are higher. If it's necessary I'm happy to set up a call with the finance person reviewing this to discuss so we can move this application along.

Feel free to reach out with any additional questions.

	Preferred Care at Ableson	PPD	Preferred Care at Hamilton	PPD	Preferred Care at Wall	PPD	Preferred Care at Old Bridge	PPD	Preferred Care at Mercer	PPD
Medicaid Census	4,492.00	12.31	4,391.00	12.03	5,439.00	14.90	3,596.00	9.85	2,019.00	5.53
Managed Medicaid Census	21,908.00	60.02	14,910.00	40.85	19,075.00	52.26	20,399.00	55.72	15,528.00	42.54
Medicare Census	12,113.00	33.19	6,166.00	16.89	11,367.00	31.14	7,759.00	21.26	8,106.00	22.21
HMO and Commercial Census	2,881.00	8.17	2,593.00	7.10	1,557.00	4.27	2,186.00	5.99	3,450.00	9.45
Private Census	4,309.00	11.53	1,951.00	5.35	8,060.00	21.60	3,666.00	9.94	632.00	1.73
Hospice Census	2,311.00	6.33	710.00	1.95	14.00	0.04	80.00	0.22	561.00	1.54
Total Census	48,014.00	131.55	30,721.00	84.17	43,512.00	119.21	35,626.00	97.61	30,296.00	83.00
NET PATIENT REVENUES										
Medicaid	1,575,968.00	350.84	1,064,178.00	242.35	1,376,048.00	253.00	849,557.00	236.19	512,299.00	253.74
Managed Medicaid	6,427,811.00	293.40	3,610,183.00	242.13	4,714,455.00	247.35	4,742,219.00	233.16	3,970,468.00	255.70
Medicare	8,437,186.00	696.24	4,064,518.00	659.18	7,740,893.00	681.00	5,566,240.00	717.99	5,095,868.00	702.68
HMO and Commercial	1,445,382.00	485.03	1,239,876.00	478.18	975,352.00	626.37	955,758.00	437.22	1,738,099.00	358.87
Private	1,507,572.00	358.18	643,878.00	333.05	1,406,395.00	311.29	583,619.00	350.31	200,482.00	317.22
Hospice	610,691.00	268.58	186,616.00	262.84	2,343.00	180.21	22,473.00	280.29	151,927.00	270.81
Total Patient Revenues	20,957,096.00	416.86	10,421,241.00	351.52	16,495,287.00	383.69	12,728,036.00	357.09	11,768,183.00	388.47
Other operating revenues	2,125,033.00		1,196,328.00		1,260,617.00		492,894.00		3,168,949.00	
Total Operating Revenues	23,140,123.00	461.12	11,617,570.00	390.86	17,855,904.00	412.67	13,212,510.00	370.87	14,936,132.00	427.06
OPERATING EXPENSES										
Salaries & wages	7,615,250.99	158.60	4,824,519.19	157.04	5,917,931.30	136.01	5,494,287.40	154.22	4,870,694.40	160.77
Fringe benefits	1,901,812.60	39.65	1,206,129.80	39.26	1,479,482.80	34.00	1,373,571.85	39.56	1,217,673.60	40.19
Management fees	1,031,758.00	21.49	515,559.00	16.78	850,661.00	19.55	766,234.00	21.51	741,699.00	24.48
Rent - land and buildings	6,465,150.00	138.82	2,847,073.00	86.16	5,980,552.00	137.45	2,523,207.00	70.77	2,386,349.00	75.47
Supplies and other costs	2,646,911.00	55.13	1,901,875.00	61.91	2,320,168.00	53.82	2,031,841.00	62.29	3,093,196.00	102.10
Depreciation and amortization	68,701.00	1.45	9,009.00	0.29	89,141.00	2.09	54,602.00	1.53	39,442.00	0.64
	19,851,262.59	413.54	11,104,151.99	361.45	16,837,376.90	382.39	13,441,763.25	366.88	12,739,644.00	403.65
	3,288,860.00	45.58	707,412.00	29.41	3,317,968.00	30.29	70,196.75	1.99	779,968.00	23.40
Capital expenditures	802,595.00	16.72	1,444,995.00	47.02	54,388.00	1.25	244,485.00	6.86	11,635.00	0.38
	1,385,345.00	28.87	2,449,989.99	17.41	1,283,580.00	29.04	1,771,738.25	4.88	897,413.00	23.02

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Thursday, July 7, 2022 10:37 AM
To: Dov Green <dovgreen22@gmail.com>
Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Good morning, Dov –

The latest from our financial reviewers is to ask you for the number of resident days associated with the expense information you provided. Apparently, they need that information in order to make the comparisons they need to do in evaluating what you had sent in.

Thank you.

// Gary Spiewak

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From: Dov Green <dovgreen22@gmail.com>
Sent: Thursday, July 7, 2022 6:36 AM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: Re: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Good morning Gary. Is there any update on this ?

Thank you!

Dov

Sent from my iPhone

On Jun 29, 2022, at 10:20 AM, Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov> wrote:

Mr. Green –

The material you sent on last has been forwarded to our Financial Reviewers, who are still reviewing the material. At this time, I do not know whether or not they will have any further questions.

With regard to a potential July 1st closing, that does not appear to be likely, as there are still several steps in the review process that will need to be taken (even if we were to get a satisfactory recommendation from our Financial Reviewers today).

We are pursuing the processing of your application as expeditiously as possible and we will keep you informed of progress, but be aware that there is a statutory comment period required once the application has been deemed complete and the documents are posted for the public's perusal.

// Gary Spiewak

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Wednesday, June 29, 2022 9:17 AM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Good morning, Gary,

Im just following up if this was sufficient. We have HUD financing in place for this transaction and HUD is requesting that we close July 1st. Please let me know if this is possible. We would need a preliminary approval from you to move ahead with a closing.

Please let me know if you can assist with this. The application has been with the department of health for more than 8 months now. HUD is pushing this closing to happen now. They have approved to finance this transaction; hence they feel confident that we can achieve our projected proforma.

Best regards.

Dov Green

From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Monday, June 27, 2022 3:20 PM
To: 'Spiewak, Gary [DOH]' <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; 'Clelland, Lesley [DOH]' <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, in response to the follow up question below.

Question:

"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

'Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our costs.'

Response:

The Supply & Other expense is inflated mainly due to COVID related expenses. To add some confidence to our projection I have included the expenses of 5 of our current facilities in the state to show that our projection is consistent with what we have preformed at. Keep in mind that these costs can vary from building to building based on census and acuity of the patients at the facility.

Lakeland Care Center										
UTILIZATION	Forecast Year 1		Forecast Year 2		Forecast Year 3					
NET PATIENT REVENUES	PPD		PPD		PPD					
Medicaid	1,778,426.00	243.62	1,867,347.30	243.62	2,054,082.03	243.62				
Managed Medicaid	6,224,491.00	243.62	6,846,940.10	243.62	7,531,634.11	243.62				
Medicare	2,730,200.00	680.00	3,091,550.00	700.00	3,400,705.00	700.00				
HMO and Commercial	273,750.00	500.00	301,125.00	500.00	331,237.50	500.00				
Private	547,500.00	300.00	602,250.00	300.00	662,475.00	300.00				
Hospice	266,763.90	243.62	293,440.29	243.62	322,784.32	243.62				
Total Patient Revenues	11,821,130.90		13,002,652.69		14,302,917.96					
Other operating revenues	169,550.00		172,105.00		174,915.50		Preferred Care at Absecon	Preferred Care at Hamilton	Preferred Care at Wall	Preferred Care at Old Bridge
Total Operating Revenues	11,990,680.90		13,174,757.69		14,477,833.46		22,140,123.00	12,007,570.00	17,955,904.00	13,212,510.00
										Preferred Care at Mercer
										12,938,112.00
OPERATING EXPENSES										
Salaries & wages	5,118,029.88		5,580,239.85		6,101,698.02		7,615,250.39	4,824,519.19	5,917,931.20	5,494,287.40
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Management fees	599,534.05		658,737.88		723,891.67		1,031,758.00	515,553.00	850,661.00	766,254.00
Rent - land and buildings	2,160,000.00		2,224,800.00		2,291,544.00		6,665,150.00	2,647,073.00	5,980,552.00	2,521,207.00
Supplies and other costs	2,393,075.37		2,715,819.16		2,883,264.90		2,646,911.00	1,901,875.00	2,320,168.00	2,931,841.00
Interest costs - explain changes in debt below	-		-		-			-	-	-
Depreciation and amortization	-		-		-		88,701.00	9,008.00	89,141.00	54,602.00
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Other revenues			-				802,595.00	1,444,399.00	54,388.00	244,485.00
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										697,433.00

Please let me know if anything further is needed.

Thank you!

Dov Green

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Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green –

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"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

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Thank you.

// Gary Spiewak

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Sent: Wednesday, June 22, 2022 5:57 PM

To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, attached are the responses. Please let us know if their further information needed.

Regards,

Dov Green

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Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green, et al.:

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Thank you.

// Gary Spiewak
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From: dovgreen22@gmail.com
To: Spiewak, Gary [DOH]
Cc: Barry Mermelstein; David Kostinas; Clelland, Lesley [DOH]
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Wednesday, June 29, 2022 11:12:06 AM
Attachments: image001.png

Thank you for the response. Have a pleasant day.

Regards,

Dov

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Wednesday, June 29, 2022 10:20 AM
To: dovgreen22@gmail.com
Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green –

The material you sent on last has been forwarded to our Financial Reviewers, who are still reviewing the material. At this time, I do not know whether or not they will have any further questions.

With regard to a potential July 1st closing, that does not appear to be likely, as there are still several steps in the review process that will need to be taken (even if we were to get a satisfactory recommendation from our Financial Reviewers today).

We are pursuing the processing of your application as expeditiously as possible and we will keep you informed of progress, but be aware that there is a statutory comment period required once the application has been deemed complete and the documents are posted for the public's perusal.

// Gary Spiewak
New Jersey Department of Health
Certificate of Need & Licensing
Phone: (609) 292-6552, (609) 376-7735
Fax: (609) 826-3745

First Class Mail:
P.O. Box 358
Trenton, NJ 08625-0358

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120 South Stockton Street, 3rd Fl.
Trenton, NJ 08608

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From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Wednesday, June 29, 2022 9:17 AM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Good morning, Gary,

Im just following up if this was sufficient. We have HUD financing in place for this transaction and HUD is requesting that we close July 1st. Please let me know if this is possible. We would need a preliminary approval from you to move ahead with a closing.

Please let me know if you can assist with this. The application has been with the department of health for more than 8 months now. HUD is pushing this closing to happen now. They have approved to finance this transaction; hence they feel confident that we can achieve our projected proforma.

Best regards,

Dov Green

From: dovgreen22@gmail.com <dovgreen22@gmail.com>
Sent: Monday, June 27, 2022 3:20 PM
To: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Cc: Barry Mermelstein <Barry@preferredcarehc.com>; David Kostinas <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, in response to the follow up question below.

Question:

"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

'Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs. I can only speak to our costs.'

Response:

The Supply & Other expense is inflated mainly due to COVID related expenses. To add some confidence to our projection I have included the expenses of 5 of our current facilities in the state to show that our projection is consistent with what we have preformed at. Keep in mind that these costs can vary from building to building based on census and acuity of the patients at the facility.

Lakeland Care Center										
UTILIZATION	Forecast Year 1		Forecast Year 2		Forecast Year 3					
		PPD		PPD		PPD				
NET PATIENT REVENUES										
Medicaid	1,778,426.00	243.62	1,867,347.30	243.62	2,054,082.03	243.62				
Managed Medicaid	6,224,491.00	243.62	6,846,940.10	243.62	7,531,634.11	243.62				
Medicare	2,730,200.00	680.00	3,091,350.00	700.00	3,400,705.00	700.00				
HMO and Commercial	273,750.00	500.00	301,125.00	500.00	331,237.50	500.00				
Private	547,500.00	300.00	602,250.00	300.00	662,475.00	300.00				
Hospice	266,763.90	243.62	293,440.29	243.62	322,784.32	243.62				
Total Patient Revenues	11,821,130.90		13,002,652.69		14,302,917.96					
Other operating revenues	169,550.00		172,105.00		174,915.50		Preferred Care at Absecon	Preferred Care at Hamilton	Preferred Care at Wall	Preferred Care at Old Bridge
Total Operating Revenues	11,990,680.90		13,174,757.69		14,477,833.46		22,140,123.00	12,007,570.00	17,955,904.00	13,212,510.00
										Preferred Care at Mercer
										12,938,112.00
OPERATING EXPENSES										
Salaries & wages	5,118,029.88		5,580,239.85		6,101,698.02		7,615,250.39	4,824,519.19	5,917,931.20	5,494,287.40
Fringe benefits	1,246,772.60		1,361,210.00		1,490,366.00		1,903,812.60	1,206,129.80	1,479,482.80	1,373,571.85
Management fees	599,534.05		658,737.88		723,891.67		1,031,758.00	515,553.00	850,661.00	766,254.00
Rent - land and buildings	2,160,000.00		2,224,800.00		2,291,544.00		6,665,150.00	2,647,073.00	5,980,552.00	2,521,207.00
Supplies and other costs	2,393,075.37		2,715,819.16		2,883,264.90		2,646,911.00	1,901,875.00	2,320,168.00	2,931,841.00
Interest costs - explain changes in debt below	-		-		-					
Depreciation and amortization	-		-		-		88,701.00	9,008.00	89,141.00	54,602.00
Total Operating Expenses	11,517,411.89		12,540,806.90		13,490,764.59		19,951,582.99	11,104,157.99	16,637,936.00	13,141,763.25
										12,229,044.00
Income (Loss) from Operations										
	473,269.01		633,950.79		987,068.87		2,188,540.01	903,412.01	1,317,968.00	70,746.75
Other revenues			-				802,595.00	1,444,399.00	54,388.00	244,485.00
Net Income (Loss)	473,269.01		633,950.79		987,068.87		1,385,945.01	(540,986.99)	1,263,580.00	(173,738.25)
										697,433.00

Please let me know if anything further is needed.

Thank you!

Dov Green

From: Spiewak, Gary [DOH] <Gary.Spiewak@doh.nj.gov>
Sent: Monday, June 27, 2022 10:17 AM
To: dovgreen22@gmail.com
Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green –

Our financial reviewers had an opportunity to review the additional material you sent in last Thursday, but were not satisfied with your responses. Specifically, they noted:

"... applicant projects a 5.7% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:

'Response 4. Costs are based on our costs in our other facilities in the state. These are all purchased goods and services that are contracts. We run a very efficient operation. I can't speak to the seller's costs, I can only speak to our costs.'

More detail would certainly help us understand the basis for the applicant's projection(s). Thank you. "

As such, it would be appreciated if you would provide additional details as per the concerns raised by our financial reviewers.

Thank you.

// Gary Spiewak
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Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

Gary, attached are the responses. Please let us know if their further information needed.

Regards,

Dov Green

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Cc: 'Barry Mermelstein' <Barry@preferredcarehc.com>; 'David Kostinas' <davidkostinas@gmail.com>; Clelland, Lesley [DOH] <Lesley.Clelland@doh.nj.gov>
Subject: RE: Lakeland Health Care Center - License 061621 - Questions

Mr. Green, et al.:

The Department of Health (Department) requires additional information with regard to the application to establish an assisted living residence. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that "Once an application has been submitted to the Department, no subsequent submission of information shall be accepted, unless specifically requested in writing by the Department. ..."

Attached please find Completeness Questions for your response within ten business days of receipt of this e-mail. To facilitate the review of your responses, it is requested that your response be presented in a question and answer format (i.e., restate each question and follow with the appropriate response).

Thank you.

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Cc: 'Barry Mermelstein'; 'David Kostinas'; 'Lesley, Lesley [DOH]
Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions
Date: Monday, June 27, 2022 3:20:17 PM
Attachments: image001.png

Gary, in response to the follow up question below.

Question:

"... applicant projects a 57% decrease in Supplies and Other Costs to Forecast Year 1 compared to Prior Year Actual which has a significant impact on the forecast period economics. The applicant's ability to execute and achieve this reduction is critical in generating the profits shown in the Forecast Years. The applicant's response to our question regarding same was:
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Subject: RE: [EXTERNAL] RE: Lakeland Health Care Center - License 061621 - Questions

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