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- 1. **Title of Document:** REGULATORY AGREEMENT FOR NURSING HOMES
- 2. **Date of Document:** AUGUST 1, 2011
- 3. **Grantor(s):** ST. JOSEPH TERRACE APARTMENTS, L.L.C.
- 4. **Grantee(s):** SECRETARY OF HOUSING AND URBAN DEVELOPMENT
- 5. **Statutory Mailing Address(es):** **Mailing Address of Lessee/Grantor:**

St. Joseph Terrace Apartments, L.L.C.
2205 South 10th Street
Omaha, NE 68108

Mailing Address of Commissioner/Grantee:

Secretary of Housing and Urban Development
U.S. Department of Housing & Urban Development
Office of Healthcare Programs
451 7th Street SW, Room 6264
Washington, DC 20410

- 6. **Legal Description:** See Exhibit A of the document for legal description
- 7. **Reference(s) to Book and Page(s):** N/A

Note: The terms "grantor" and "grantee" as used in this Cover Page are for recording and indexing purposes only. The instrument itself refers to the parties by other designations.

THIS INSTRUMENT PREPARED BY: Lashly & Baer, P.C.
714 Locust Street
St. Louis, MO 63101
(314) 621-2939

-41- 10-112320

Regulatory Agreement Nursing Homes

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Project Number 103-43053		Mortgagee GERSHMAN INVESTMENT CORP.	
Amount of Mortgage Note \$7,425,000.00		Date August 1, 2011	
Mortgage Recorded (State) Nebraska	County Douglas County	Date concurrently herewith	
Book		Page	

This Agreement entered into ~~this~~ as of this 1st day of August 2011 ,
between St. Joseph Terrace Apartments, L.L.C., a Nebraska limited liability company
whose address is 2205 South 10th Street, Omaha, Nebraska 68108

(jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by St. Joseph Tower, L.L.C.,
a Nebraska limited liability company , Mortgage*,
and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto,
Lessees agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon
and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the
owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

** per lease attached hereto as EXHIBIT B*

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the commissioner;
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the lessee to the lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;
- (4) The lessee shall not sublease the project or any part thereof without the consent of the Commissioner;
- (5) The lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a nursing home, but the owner shall not be required to maintain such a license;
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) Lessee shall not use the project for any purpose except the operation of a nursing home;
- (9) If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner ~~on the~~ ~~day~~ of even date herewith , a copy of notice of default having been given to the lessee, the lessee will thereafter make all future payments under the lease to the Commissioner;
- (10) The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period.
- (11) The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any change in or transfer of the management operation, or control of the project.

-
- (12) The lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement.
- (13) The lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed, or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS IN THE LEAN RIDER ATTACHED HERETO.

Instructions to Closing Attorney

Regulatory Agreement—form HUD-92466-NHL

Nursing Homes—Section 232

This Regulatory Agreement must be executed by the Lessee and the Commissioner and recorded before the Note is endorsed for insurance.

Note that there is space left on the back of the printed form for proper execution of the instrument.

The execution by the Commissioner and by the Lessee must be in accordance with the requirements of the jurisdiction where the project is located and must permit the instrument to be recorded.

The Agreement is to be executed in the name of the Commissioner. It will be signed for the Commissioner by the Field Office Manager or authorized agent who endorses the Note for insurance.

Recording must be at the expense of the mortgagor-owner or lessee.

Sufficient space is left on the back for the insertion of any necessary additional provisions. Any changes in the Agreement and any substantial additions shall receive the prior approval of the Assistant Secretary for Housing.

A copy of the Commissioner-approved lease shall be attached to this Regulatory Agreement. If the lease has already been filed or recorded, re-recording will be unnecessary, and a copy of the recorded lease (with recording data) will be attached following recording of the form HUD-92466-NHL.

The Agreement must be executed by the Lessee prior to execution by the Commissioner.

LESSEE SIGNATURE PAGE
FOR
REGULATORY AGREEMENT

IN WITNESS WHEREOF, the Lessee and Commissioner have executed this Regulatory Agreement as of the date first written above.

Lessee:

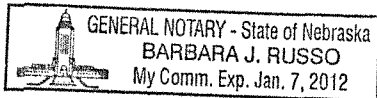
ST. JOSEPH TERRACE APARTMENTS, L.L.C.,
A Nebraska limited liability company

By: James B. O'Brien
James B. O'Brien, Manager

STATE OF NEBRASKA)
) ss:
COUNTY OF DOUGLAS)

On this 18th day of August, 2011, before me the undersigned, a Notary Public in and for the County and State, appeared James B. O'Brien, to me personally known, who, being by me duly sworn did say that he is the Manager of ST. JOSEPH TOWER, L.L.C., a Nebraska limited liability company; and that said instrument was signed on behalf of said limited liability company by authority of its Manager; and said Manager acknowledged the said instrument to be the free act and deed of said limited liability company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



Barbara J. Russo
(Notary Public)

My term expires January 7, 2012

**LEAN Rider
to Regulatory Agreement
Nursing Homes**

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated August 1, 2011 (the "Agreement") by and between St. Joseph Terrace Apartments, L.L.C., a Nebraska limited liability company (the "Lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to St. Joseph Tower Apartments, Project No. 103-43053. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 110 licensed bed assisted living facility, and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful

manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

(9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

(10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

(11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.

(12) (a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder,

(ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports

(including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

(18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

LESSEE SIGNATURE PAGE
FOR LEAN RIDER TO
REGULATORY AGREEMENT NURSING HOMES

IN WITNESS WHEREOF, the Lessee and Commissioner have executed this Regulatory Agreement as of the date first written above.

Lessee:

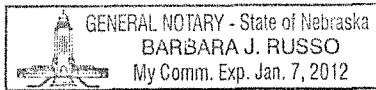
ST. JOSEPH TERRACE APARTMENTS, L.L.C.,
A Nebraska limited liability company

By: James B. O'Brien
James B. O'Brien, Manager

STATE OF NEBRASKA)
) ss:
COUNTY OF DOUGLAS)

On this 18th day of August, 2011, before me the undersigned, a Notary Public in and for the County and State, appeared James B. O'Brien, to me personally known, who, being by me duly sworn did say that he is the Manager of ST. JOSEPH TOWER, L.L.C., a Nebraska limited liability company; and that said instrument was signed on behalf of said limited liability company by authority of its Manager; and said Manager acknowledged the said instrument to be the free act and deed of said limited liability company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



Barbara J. Russo
(Notary Public)

My term expires January 7, 2012

EXHIBIT A
Federal Housing Administration
St. Joseph Tower Apartments
Omaha, Nebraska
FHA Project No. 103-43053

LEGAL DESCRIPTION

The land referred to herein is situated in the City of Omaha, Douglas County, Nebraska, and is described as follows:

Unit 2, St. Joseph High Rise Condominium Property Regime, a condominium regime organized under the laws of the State of Nebraska, in the City of Omaha, Douglas County, Nebraska, pursuant to Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements dated August 14, 1988, and recorded October 19, 1998, in Book 2104 at Page 216 of the Deed Records of Douglas County, Nebraska, and as Amended by First Amendment to the Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, dated June 1, 1999, and recorded July 13, 1999, at Book 1300, page 150 of the Miscellaneous Records of Douglas County, Nebraska.

COMMONLY KNOWN AS: 2205 S. 10th St., Omaha, Nebraska 68108

PARCEL ID#: 2245150684

EXHIBIT B
Federal Housing Administration
St. Joseph Tower Apartments
Omaha, Nebraska
FHA Project No. 103-43053

LEASE

ASSISTED LIVING FACILITY LEASE

ST. JOSEPH TERRACE

This Assisted Living Facility Lease (the "Lease") is made as of this 1st day of August, 2011, by and between **ST. JOSEPH TOWER, L.L.C.**, a Nebraska limited liability company, hereinafter referred to as "Landlord," and **ST. JOSEPH TERRACE APARTMENTS, L.L.C.**, a Nebraska limited liability company, hereinafter referred to as "Tenant."

1. Description of Demised Premises. Landlord does hereby lease, demise and let unto Tenant the real property described in Exhibit A which is attached hereto and made a part hereof, hereinafter called "Real Property," including any improvements thereon, together with further improvements, furnishings and equipment owned by Landlord and used in connection with the assisted living facility described herein. The furnishings and equipment shall sometimes hereinafter be called the "Personal Property." The Real Property and improvements thereon together with the Personal Property are hereinafter collectively referred to as "Premises".

To have and to hold the same, unto Tenant, to be used as an assisted living facility (the "Facility"), and for no other purpose, for a term commencing as of the date hereof, and continuing for a period of five (5) years (the "Lease Term") with options to renew on mutually agreeable terms for six (6) consecutive three (3) year periods. These options shall be exercised within one hundred eighty (180) days of the ending date of each period. The Lease Term shall include any extensions agreed to by the parties.

The Lease is subordinate to any secured financing or credit facility established by Landlord with regard to the Premises or any part thereof pursuant to the United States Department of Housing and Urban Development ("HUD") Section 232 Mortgage Insurance for Residential Care Facilities Program (hereinafter referred to as the "HUD Mortgage"). Tenant agrees to execute and deliver any instrument which may be deemed necessary to further effect the subordination of this Lease to the HUD Mortgage. The secured party under the HUD Mortgage and the secured party under any other mortgage given by Landlord or Tenant with respect to which this Lease is subordinate shall be referred to herein as the "Mortgagee," which such term shall in all instances be deemed to include HUD. Tenant shall attorn to HUD and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Facility by any purchaser at a foreclosure sale or by HUD in any manner.

2. Rent. Tenant shall and hereby agrees to pay to Landlord as rent for the Premises, without notice, demand, or offset, an amount equal to FIVE HUNDRED FIFTY-EIGHT THOUSAND and NO/100 DOLLARS (\$558,000.00) per year, or FORTY-SIX THOUSAND FIVE HUNDRED and NO/100 DOLLARS (\$46,500.00) per month, in advance on or before the first day of each and every calendar month during the Lease Term at Landlord's address as set forth in Section 26 hereof or at such other place as Landlord may designate in writing. The parties hereto agree that the Rent payments hereunder are sufficient to properly maintain the Premises, enable the Landlord to meet debt service requirements, including without limitation the payment of mortgage insurance premiums and deposits into the Reserve Fund for Replacements (as required under the Regulatory Agreement), and other operating expenses, and

are comparable to other leases in the market. The parties further agree that the Rent shall be increased if, when, and as necessary in order to comply with Paragraph 5 of the HUD Addendum to Operating Lease and to ensure that the Rent remains sufficient to cover such debt service requirements and other operating expenses.

3. Licensure. Tenant shall obtain and maintain in its own name all licenses, permits and other authorizations necessary for the operation of the Facility. Tenant agrees to take no action which would cause any license to be withdrawn. Tenant agrees to take any affirmative action required by the Nebraska Department of Health and Human Services to maintain and retain such licenses and a provider agreement for Medicaid and Medicare residents if the facility has a dual certification. The Landlord shall ensure that the Premises meet the State of Nebraska licensure and standards.

Without limiting the generality of the foregoing, Tenant shall at all times (i) obtain and maintain throughout the Lease Term all licenses, permits and authorizations sufficient to operate at least: one hundred two (102) assisted living facility beds as "assisted living" beds, (ii) operate the Facility in compliance with all regulations and requirements of HUD, including any requirements of the HUD Mortgage, and any covenant, term or condition of the Regulatory Agreement (Nursing Home) between HUD and Tenant, (iii) operate the Facility in compliance with all regulations and requirements of the Nebraska Department of Health and Human Services, and (iv) subordinate the Lease to the extent required by other agreements which include Landlord and Tenant as parties. Tenant shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the Project without the prior written consent of HUD.

4. Additional Rent. The Rent calculated under Section 2 hereof has been calculated in accordance with minimum lease payment requirements outlined in the HUD Email Update for 232 Programs circulated on February 23, 2011, and includes funds to pay for the Landlord's mortgage payments on its first mortgage, annual Mortgage Insurance Premium, annual deposit into replacement reserves, annual property and liability insurance premiums, and annual real estate taxes. It is the intent of Landlord and Tenant that the monthly rent include a "net-net-net rental," as those terms are used and understood in connection with leasing of real property and improvements. Accordingly, as additional rental hereunder, Tenant shall pay, directly to the appropriate governmental authorities or other parties entitled thereto, or reimburse to Landlord, during the term of this Lease, subject to proration as of the date of commencement and termination of the Lease Term, all taxes and assessments levied against the Premises or any portion thereof, public utility and related costs and expenses, insurance premiums, expenses of operating, maintaining and repairing the Premises, and any other expenses or charges which during the Lease Term shall be levied, assessed or imposed by any governmental authority upon or with respect to, or incurred in connection with, the possession, occupation, operation, alteration, maintenance, repair and use of the Premises, it being intended that this Lease shall result in a rental to be paid to third parties and/or Landlord (as reimbursement) without additional costs to Landlord.

5. Taxes and Assessments. Tenant covenants and agrees to pay and discharge, directly to the appropriate governmental authorities, as additional rental hereunder, at least ten (10) days before delinquency thereof and before any penalties or interest shall accrue thereon, all taxes and assessments and installments thereon which may be taxed, charged, levied,

assessed or imposed from and after the commencement of the Lease Term, upon all or any portion of, or in relation to, the Premises, including the improvements at any time situated or erected thereon, and all furniture and equipment at any time contained thereon. In the event any special assessments shall be levied or assessed against the Premises which are payable or may be paid in installments, Tenant shall be required to pay only such installments thereof prorated for the remaining portion of the Lease Term as shall become due and payable during the Lease Term. In the event for any reason Landlord shall pay any of the aforementioned taxes or assessments on Tenant's behalf, Tenant shall reimburse Landlord promptly upon receipt of written request therefor.

Notwithstanding anything herein to the contrary, if any Mortgagee should require the escrowing annually (in advance by the payment in monthly installments to such Mortgagee) of amounts to pay any ad valorem taxes and/or the premiums for the policies of insurance required by Section 16 hereof, then Tenant shall so make such escrow payments in the manner and amounts as required by such Mortgagee.

6. Tenant's Right to Contest Validity. Landlord agrees that Tenant shall have the right, in Tenant's or Landlord's name, but at Tenant's sole cost and expense, to contest the validity of any tax or assessment by appropriate proceedings, timely instituted, provided that (a) Tenant shall give Landlord written notice of Tenant's intention to do so at least twenty (20) days prior to the delinquency thereof and (b) Tenant diligently prosecutes any such contest, at all times effectually stays or prevents any official or judicial sale of the Premises, under execution or otherwise, pays any final judgment enforcing any tax or assessment so contested, and promptly procures record satisfaction thereof. Landlord shall, if requested by Tenant, cooperate with Tenant in any such proceedings; provided, however, that Landlord shall not be liable for any expenses whatsoever in connection therewith, and Tenant shall protect and indemnify Landlord against all loss, cost, expense, attorney's fees or damages resulting therefrom.

7. Utilities. Tenant shall pay all charges for water, gas, sewer, electricity, light, heat, air conditioning, power, telephone and other services used by or rendered or supplied to Tenant in connection with the Premises, and shall contract for the same in Tenant's own name.

8. Maintenance and Repairs. Tenant shall, at its sole cost and expense, without obligation on the part of Landlord, keep and maintain the Premises and appurtenances thereto and every part thereof in good and sanitary order, condition and repair, including painting interior and exterior, throughout the Lease Term, reasonable wear and tear excepted. Tenant shall further replace furniture, fixtures, furnishings, equipment, and other personal property in case of obsolescence or as otherwise required in the normal course of operation and maintenance of the Premises. Except with the prior written consent of Landlord, replacements shall be purchased by Tenant without the creation of a lien or security interest against said personal property or the Premises.

9. Alterations. Subject to the prior written consent of Landlord which such consent shall not be unreasonably withheld, and any approval rights of any Mortgagee, if any, Tenant shall have the right, at its sole cost and expense, to make such additions, alterations, changes or improvements to the Premises as Tenant shall deem necessary or desirable. All additions, alterations, changes and improvements shall be made in a workmanlike manner, in full compliance with all licensure requirements and building laws and ordinances applicable thereto,

and when permitted to be made shall become a part of the Premises and shall be surrendered as a part of the Premises upon the termination of this Lease.

10. Assignment and Sub-lease. Tenant shall not assign nor encumber this Lease, and Tenant shall not sublet nor permit the Premises or any part thereof to be used by others, without first obtaining the prior written consent of Landlord and the prior written consent of HUD, except for tenant leases in the ordinary course of business. No such consent by Landlord and HUD, nor the acceptance of an assignee, subtenant or occupant as a tenant shall release Tenant from the further performance by Tenant of the covenants in this Lease or be construed to relieve Tenant from obtaining the consent in writing of Landlord and HUD to any further assignment or subletting. In any event, Tenant shall remain primarily liable on this Lease for the entire term hereof and shall in no way be released from the full and complete performance of all the terms, conditions, covenants and agreements herein contained. Landlord's interest in this Lease may be assigned by Landlord in connection with the sale or other conveyance of the Property in which the Premises are located, and upon such assignment the obligations of Landlord hereunder shall become obligations solely of such assignee.

11. Non-Liability of Landlord. Landlord shall not be obligated to maintain or to make any repairs or replacements of any kind, nature or description whatsoever to the Premises. Tenant hereby expressly waives all rights to make repairs at Landlord's expense under any law now or hereafter enacted.

12. Inspection of Premises by Landlord. Tenant agrees to permit Landlord and the authorized representatives of Landlord to enter the Premises at all reasonable times during usual business hours for the purpose of inspecting the same. Nothing herein contained shall imply any duty on the part of Landlord to do any work which Tenant is required to perform, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord may, during the performance of any work on the Premises, keep and store upon the parking area of or within the Premises all necessary materials, tools and equipment. In the event Landlord or its contractors make any repairs or maintenance which Tenant is required to make and has failed to make, the cost thereof shall constitute additional rent and shall be paid to Landlord with the next installment of the rental due hereunder. In the event of the inspection of the Premises, performance of work, or storage of materials by Landlord pursuant to this Section 12, Landlord shall use its best efforts not to unreasonably interfere with Tenant's operation of the Premises.

13. Mechanic's Liens. Tenant shall not suffer or permit any mechanic's liens to be filed against the Premises or any part thereof by reason of work, labor, services, or materials supplied or claimed to have been supplied to Tenant or anyone holding the Premises or any part thereof through or under Tenant. If any such mechanic's lien shall at any time be filed against the Premises, Tenant shall make all reasonable efforts to cause the same to be discharged of record within ninety (90) days after the filing of the same. If Tenant shall fail to discharge such mechanic's lien within ninety (90) days' time, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court or by giving security or in such other manner as is or may be prescribed by law. Any amount reasonably paid by Landlord for any of the aforesaid purposes, and all reasonable legal and other expenses of Landlord, including reasonable attorney's fees incurred because of liens which

Tenant has failed to discharge, shall be paid to the Landlord by the Tenant on demand, together with all other necessary disbursements in connection therewith, including interest thereon at the maximum rate allowed by law, but in no event to exceed eighteen percent (18%) per annum. Nothing herein contained shall imply any consent or agreement on the part of Landlord to permit Tenant to create any mechanic's lien against the Premises or any part thereof. Likewise, Landlord covenants and agrees that it will not permit the foreclosure of any mechanic's lien filed against the Premises or any part thereof by reason of work, labor, services, or materials supplied or claimed to have been supplied to Landlord or Landlord's general contractor or subcontractor in the course of Landlord's construction of the Premises.

14. Compliance with Laws. Tenant shall throughout the term, without cost to Landlord, promptly comply with all laws and ordinances, and the orders, rules, regulations and requirements of all Federal, State, County, and municipal governments and appropriate departments, commissions, boards, and officers thereof, foreseen or unforeseen, ordinary as well as extraordinary, and whether or not the same require structural repairs or alterations, which may be applicable to the Premises, the sidewalks and curbs, if any, adjoining the Premises, or the use or manner of use of the Premises, except that Tenant shall not be required to take any action necessitated by a breach of the terms hereof by Landlord or perform any work which Landlord is obligated to perform hereunder.

15. Indemnification of Landlord. Tenant agrees to indemnify and hold harmless Landlord against and from the conduct or management of or from any work or thing whatsoever done in and on the Premises and will further indemnify and hold harmless Landlord against and from any and all claims arising during the Lease Term from any condition of the Premises or any street, curb, or sidewalk adjoining the Premises or of any vaults, passageways, or space appurtenant thereto, or arising from any accident, injury or damage whatsoever caused to any person or property occurring during the term of this Lease in or about the Premises, or upon or under the sidewalks and the land adjacent thereto, and from and against all judgments, costs, expenses and liabilities incurred in or about any such claim or action or proceeding brought therein; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant upon notice from Landlord covenants to resist or defend such action or proceeding by counsel. Notwithstanding the foregoing, in no event shall Landlord have any right of recovery against any assets of Tenant other than Tenant's rights and interests under this Lease.

16. Insurance.

(a) Tenant shall keep the Premises insured throughout the term of this Lease with a company or companies satisfactory to Landlord, and all policies shall name the Landlord and Mortgagee as Landlord shall direct as additional insureds. Tenant shall maintain such insurance as is required to be maintained by any Mortgagee. Further, Tenant shall maintain the following:

Rental insurance in an amount sufficient to satisfy at least twelve monthly rental payments.

Loss or damage by fire and such other risks as may be included in the broadest form of extended coverage insurance ("Fire and Extended Coverage Insurance") from time to time available for the full insurable value of the

Premises (repair or replacement basis) in amounts sufficient to prevent the Landlord or Tenant from becoming a co-insurer within the terms of the applicable policies.

Claims for personal injury or property damage under a policy of general liability insurance in an amount of at least One Million Dollars (\$1,000,000.00) for each person, Two Million Dollars (\$2,000,000.00) for each accident and Five Hundred Thousand Dollars (\$500,000.00) property damage.

Professional liability or "malpractice" insurance to the extent of not less than One Million Dollars (\$1,000,000.00) per occurrence with excess coverage or "umbrella" insurance for claims under such professional liability coverage of not less than Five Million Dollars (\$5,000,000.00) per occurrence.

Automobile liability insurance to the extent of not less than (i) \$300,000.00 against liability for bodily injury (including death) to any one person in any one accident (subject to a maximum recovery by all persons in any one accident of \$300,000.00) and (ii) \$100,000.00 per occurrence for property damage, together with "umbrella" coverage for claims under (i) and (ii) of not less than \$1,000,000.

Adequate workmen's compensation insurance, in at least the amount required by applicable law.

Such other policies of insurance (and in such amounts) as may from time-to-time be required by any Mortgagee, including but not limited to any boiler insurance or flood insurance required by said lender. Not more frequently than every three years (beginning three years following the date of this Lease), if, in the opinion of Landlord, the amount of general liability insurance for personal injury or property damage, automobile liability, or professional liability coverage is at that time inadequate because of inflation or changed economic conditions, Landlord shall have the right to increase the required amounts of such coverage accordingly.

(b) At the commencement of the Lease Term, Tenant agrees to deliver to Landlord copies of paid receipts and certificates of insurance policies evidencing the fact that the insurance required hereunder is in force in the form required. At least fifteen (15) days prior to the expiration date of any policy, a copy of the original renewal policy for such insurance shall be delivered by Tenant to Landlord.

(c) All policies of insurance shall name the Landlord and Tenant as the insured, as their respective interests may appear. At the request of Landlord, any such policies shall be made payable to any Mortgagee, as the interest of such Mortgagee may appear, pursuant to a standard clause for holders of mortgages or deeds of trust. To the extent obtainable, all policies shall contain an agreement by the insurers:

(i) That any loss shall be payable to Landlord or the holders of any such mortgage or deed of trust notwithstanding any act of negligence of Tenant which

might otherwise result in forfeiture of such insurance;

(ii) That any such policy shall not be cancelled except upon thirty (30) days' prior written notice to Landlord and to the holder of any mortgage or deed of trust to whom loss may be payable;

(iii) That the coverage afforded by any such policy shall not be affected by the performance of any work in or about the Premises.

(d) If Tenant provides any insurance required by this Lease in the form of a blanket policy, Tenant shall furnish satisfactory proof that such blanket policy complies in all respects with the provisions of this Lease and that the coverage thereunder is at least equal to the coverage which would be provided on a separate policy covering only the Premises.

17. Damage and Destruction of Premises. In the event the Premises are damaged or destroyed (to the extent that the Premises could not reasonably be used for assisted living facility purposes in such damaged condition without substantial repairs) because of fire, explosion, act of God or other elements, Tenant shall repair said damage and restore the Premises to their previous or like condition and notwithstanding anything contained herein, Tenant shall comply with all requirements of HUD with respect to such damage or destruction.

18. Condemnation. If any part of the Premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible to occupation hereunder allowing for the operation of not less than one hundred two (102) units, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemning agency. If all of the Premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible for occupation hereunder allowing for the operation of not less than one hundred two (102) beds, this Lease shall thereupon terminate unless both Tenant and Landlord agree to continue this Lease. Notwithstanding the foregoing, Tenant shall comply with all requirements of HUD with respect to such taking.

19. Default. In the event that the Tenant shall default in the prompt payment of rent when the same is due, or shall violate or omit to perform any of the provisions of this Lease herein contained, or in the event that the Tenant shall abandon the Facility or leave the Premises vacant, Landlord shall send written notice of such default, violation, or omission to the Tenant, by certified mail or actual delivery, at the Premises, and unless Tenant shall have completely cured or removed said default within ten (10) days, as to a monetary default, or within thirty (30) days, as to a non-monetary default, after the receipt of such notice from Landlord, Landlord may thereupon re-enter the Premises, by summary proceedings or by force or otherwise without being liable for prosecution therefor, take possession of the Premises and, subject to all applicable laws, remove all persons and property therefrom, and may elect to either cancel this Lease or assume all rights and obligations of Tenant under this Lease, in all events without any further right of recovery or recourse against Tenant. In the event of a non-monetary default by Tenant, it is agreed that if it shall reasonably require a longer period of time to cure such default than thirty (30) days, such additional time shall be permitted by Landlord without exercising its remedies hereunder, so long as Tenant is proceeding with due diligence in the curing of such default. In the event of a default hereunder by Tenant (including but not limited to the failure to properly perform maintenance or repairs required under this Lease), Landlord shall

also have the option of expending the funds or taking such other actions as it deems appropriate to cure such default, which such costs and expenditures shall immediately become obligations or additional rent of Tenant; provided, however, in no event shall Landlord have any right of recovery against the assets of Tenant other than Tenant's right and interests under this Lease.

20. Default by Landlord. Landlord shall not be deemed to be in default in the performance of any of Landlord's covenants under this Lease unless Tenant shall have given Landlord and any Mortgagee thirty (30) days' notice specifically identifying such default.

Notwithstanding anything set forth within this Lease, in the event of Landlord's default Tenant shall be entitled to pursue any and all remedies available to it at law or equity, including, but not limited to, the right of specific performance. In addition, without releasing Landlord in whole or part from the obligations to be performed by Landlord hereunder, Tenant may cure the default at Landlord's sole cost and expense.

21. Bankruptcy. In the event that the Tenant shall become bankrupt, voluntary or involuntary, or shall make a voluntary assignment for the benefit of creditors, or in the event that a receiver of the Tenant shall be appointed, then, at the option of the Landlord, the Landlord may, upon giving Tenant five (5) days' notice of such election, either terminate Tenant's right to possession of the Premises or terminate this Lease as in the case of a violation by the Tenant of any of the terms, covenants or conditions of this Lease, and remove all persons and property therefrom.

22. Court Orders. In the event the Premises should be closed by order of any court or judicial proceedings, or in the event Tenant shall be prevented from occupying the Premises by any court order or Federal, State, County, or municipal regulations, Landlord may elect, in accordance with the terms of the default clause, to terminate this Lease or to relet the Premises as agent for Tenant.

23. Quiet Possession. The Landlord hereby covenants that the Tenant, upon paying the rent as herein provided, and performing all of the covenants and agreements herein contained on the part of the Tenant, shall and may peacefully and quietly have, hold and enjoy the Premises throughout the term of this Lease.

24. Surrender of Premises. Tenant shall, upon the expiration or earlier termination of this Lease, peaceably vacate, and surrender the Premises to Landlord in good order, condition and repair, reasonable wear and tear and loss or damage, by fire, the elements and other casualties not occurring through Tenant's negligence or intentional acts excepted. Tenant shall leave the Premises and appurtenances thereof free and clear of rubbish and broom clean.

25. Certificate and Financial Statement and Operating Statement by Tenant. Tenant shall, at any reasonable time and from time to time, upon ten (10) days' prior notice to Landlord, execute, acknowledge, and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the Lease is in full force and effect as modified and stating the modifications), and the dates through which the rents have been paid, and stating whether or not to the best knowledge of the signer of such certificate Landlord is in default in keeping, observing, or performing any term,

covenant, agreement, provision, condition or limitation contained in this Lease, and, if in default, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by Landlord or any prospective purchaser of the fee or any Mortgagee thereof or any assignee of any mortgage upon the fee of the Premises, but reliance on such certificate may not extend to any default of Landlord as to which the signer for Tenant shall have had no actual knowledge.

Tenant shall furnish to Landlord upon request monthly operating statements covering the operation of the Facility within thirty (30) days of the end of each month of Tenant, prepared in accordance with generally accepted accounting principles, and such other unaudited financial statements as may be required by Mortgagee. Tenant shall also furnish Landlord upon request annual financial statements, including statements of earnings, audited and certified by an independent certified public accountant, if requested by Mortgagee, by no later than sixty (60) days following the close of each fiscal year of Tenant. Such statements shall reasonably and accurately reflect in reasonable detail the condition of Tenant.

26. Notice. All notices or demands which shall be required or permitted by law or any provisions of this Lease shall be sent by United States registered or certified mail, postage prepaid, to the addresses set out below for Landlord and Tenant, and such notices shall be properly given if directed to those addresses until notice is given in the manner described above to change such address.

To Landlord: St. Joseph Tower, L.L.C.
 13637 Nicholas Street
 Omaha, Nebraska 68154

To Tenant: St. Joseph Terrace Apartments, L.L.C.
 2205 South 10th Street
 Omaha, Nebraska 68108

27. Waiver. Tenant agrees that no waiver at any time of the right to terminate this Lease shall impair the right of the Landlord to insist upon such termination in the event of subsequent breach or default by Tenant, nor shall the acceptance of rent at any time constitute such waiver of default or waiver of damages, and in addition to any other remedies which Landlord may have, the Landlord may apply for and obtain an injunction or use any other legal process to enforce the Landlord's rights.

28. Holding Over. It is agreed and understood that any holding over by the Tenant of the Premises at the expiration of this Lease shall operate and be construed as a tenancy from month to month at a rental of one and one half times the monthly rental due hereunder for the month immediately preceding the expiration of this Lease, and Tenant shall be liable to Landlord for all loss or damage on account of any holding over against Landlord's will after the termination of this Lease, whether such loss or damage may be contemplated at this time or not.

29. Covenants of Faithful Performance. It is mutually agreed that this Lease is made upon and subject to the terms, covenants and conditions herein contained, and that Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions to be kept and performed by it and that this Lease is

made upon the condition of such performance.

30. Hazardous Materials. Tenant shall not use, store, manufacture, dispose of or discharge any pollutants, contaminants, or harmful or hazardous substances from or on the Premises or otherwise occupy or permit the Premises to be occupied or used in a manner which (i) violates any law, regulation, rule or other governmental requirement, (ii) impairs the health, safety or condition of any person or property or (iii) adversely affects the use, enjoyment or value of the Premises or the surrounding property. Tenant shall promptly notify Landlord of the breach, or the potential or threatened breach, of any of the provisions of this paragraph. Landlord shall have the right of access to the demised premises to inspect, test and, in Landlord's sole discretion, remedy any potential environmental problem. Tenant shall indemnify and hold Landlord and its officers, shareholders, partners, employees, and agents, harmless from any loss, claim, liability or expense (including, without limitation, attorneys' fees, court costs, consultant fees, expert fees, penalties, fines, removal, clean-up transportation, disposal, restoration expenses, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space) arising in connection with Tenant's failure to comply with the provisions of this paragraph.

31. Certain Mortgage Requirements. Any Mortgagee may rely upon all the terms and provisions hereof and rely upon this Lease as being in full force and effect (without there being any change or modification in the terms hereof) without notifying Tenant of such acceptance and reliance, such being conclusively presumed (unless such Mortgagee first, prior to making any such mortgage loan, receives written notification of any such change from Tenant). No change or modification of this Lease, nor any prepayment of any rents hereunder shall be accomplished without first obtaining such Mortgagee's written consent therefor. Tenant shall not declare any default hereunder without first giving such Mortgagee thirty (30) days' advance written notice of such and stating fully the claimed items of default and such Mortgagee shall have such time (or a reasonable time if a reasonable time would take longer) to cure any such default. Such Mortgagee may enforce all provisions hereof for Landlord (and without electing any remedies) either before or after any foreclosure of its mortgage. All the Premises (as well as all tangible Personal Property hereafter situated on the Premises and used in connection with the operation of the Facility regardless of by whom owned) shall be mortgaged, by a first mortgage, to such Mortgagee to secure said Mortgagee's indebtedness; provided, however, in no event shall Mortgagee have any right of recovery against the assets of Tenant other than Tenant's rights and interests under this Lease. Tenant shall execute such instruments (on such Mortgagee's forms) as shall be reasonably necessary to grant such mortgage.

In addition, in the event of default by Landlord under any such mortgage, or any requirement under the HUD Mortgage or any other requirement of HUD, Tenant may, at its option, cure such default at Landlord's sole cost and expense. Any expenses so incurred by Tenant shall be reimbursed by Landlord upon demand, or Tenant may, at its election, apply such expenses as a credit, in whole or in part, against any other obligation owed to Landlord, whether under this Lease or otherwise.

Tenant agrees to keep and maintain the Facility in compliance with all HUD regulations, rules and requirements, including any requirements of the HUD Mortgage, and agrees to execute and deliver any regulatory agreement or other agreement or document which

may be required from time to time pursuant to the HUD Mortgage, including the Regulatory Agreement (as defined in Section 35 hereof). Tenant shall allow HUD access to the Premises for the purposes of inspecting the same, and agrees to perform such repairs or correct such deficiencies as HUD may require.

32. Memorandum of Lease. The parties shall record a memorandum describing the Lease in substantially the form attached hereto as Exhibit B.

33. General Provisions.

(a) Captions. The captions of the Sections of this Lease are for convenience only and are not a part of this Lease, and do not in any way limit or amplify the terms or provisions of this Lease.

(b) Successors and Assigns. Subject to the provisions hereof, this Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

(c) Attorney's Fees. In the event either of the parties hereto commences any action or proceeding against the other under or on account of this Lease, then and in each such event, the successful party in such action or proceeding shall be entitled to receive, and the parties hereto respectively agree to pay reasonable attorney's fees on account of such action or proceeding.

(d) Construction. The language in all parts of this Lease shall be in all cases construed according to its fair meaning and not strictly for or against Landlord or Tenant. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unreasonable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

(e) Law Governing. This Lease shall be governed by and construed in accordance with the laws of the State of Nebraska.

(f) Entire Agreement. This Lease, together with any written modifications or amendments thereto hereinafter entered into, shall constitute the entire agreement between the parties relative to the subject matter hereof and shall supersede any prior agreements or understandings, if any, whether written or oral, which the parties may have relating to the subject matter hereof.

(g) Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Consent. Unless otherwise specifically provided herein to the contrary, any consent or approval of a party hereto may be given or withheld by such party in such party's sole and absolute discretion.

34. Option to Terminate. In the event the zoning classification of the Real

Property should be changed by governmental action for any reason other than the act or omission to act on the part of Tenant, and such change is enforced by the governmental jurisdiction so as to prohibit the continued operation of an assisted living facility on the Real Property, Tenant shall have the option on thirty (30) days' prior written notice to cancel this Lease without any further obligation or liability on the part of either party to the other.

35. Regulatory Agreement. This Lease shall be subject to a regulatory agreement with HUD ("Regulatory Agreement") attached hereto as Exhibit C and made a part hereof by this reference.

36. HUD Conflicts. If any of the provisions of the Lease conflict with HUD's Section 232 program requirements, including, but not limited to, the terms of the note, mortgage, deed of trust, security agreement, or HUD Regulatory Agreements (forms HUD-92466 and HUD-92466-NHL)("HUD Loan Documents"), the provisions of the HUD Loan Documents will control.

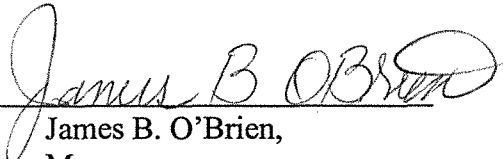
37. HUD Addendum. The HUD Addendum attached hereto as Exhibit C is incorporated herein by reference.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed in their corporate names on the date and year first above written.

LANDLORD:

ST. JOSEPH TOWER, L.L.C.,
A Nebraska limited liability company

By: 
James B. O'Brien,
Manager

TENANT:

ST. JOSEPH TERRACE APARTMENTS, L.L.C.,
A Nebraska limited liability company

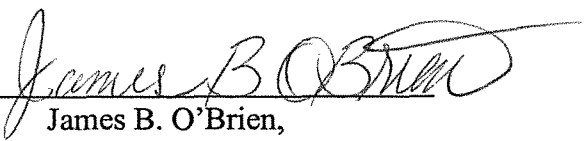
By: 
James B. O'Brien,
Manager

EXHIBIT A

LEGAL DESCRIPTION

Unit 2, St. Joseph High Rise Condominium Property Regime, a condominium regime organized under the laws of the State of Nebraska, in the City of Omaha, Douglas County, Nebraska, pursuant to Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements dated August 14, 1998 and recorded October 19, 1998, in Book 2104 at Page 216 of the Deed records of Douglas County, Nebraska, and as Amended by First Amendment to the Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, dated June 1, 1999 and recorded July 13, 1999 at Book 1300, page 150 of the Miscellaneous Records of Douglas County, Nebraska.

EXHIBIT B

MEMORANDUM OF LEASE

Space Above Line Reserved For Recorder's Use

1. **Title of Document:** Memorandum of Lease

2. **Date of Document:** August 1, 2011

3. **Grantor(s):** St. Joseph Tower, L.L.C.,
A Nebraska limited liability company

4. **Grantee(s):** St. Joseph Terrace Apartments, L.L.C.,
A Nebraska limited liability company

5. **Statutory Mailing Address(es):**

Grantee's Mailing Address: St. Joseph Terrace Apartments, L.L.C.
2205 South 10th Street
Omaha, Nebraska 68108

6. **Legal description:** See Exhibit A annexed to the document.

7. **Reference(s) to Book and Page(s):** N/A

Note: The terms "grantor" and "grantee" as used in this Cover Page are for recording and indexing purposes only. The instrument itself refers to the parties by other designations.

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE is made and entered into as of this 1st day of August, 2011, by and between

St. Joseph Tower, L.L.C., a Nebraska limited liability company ("Landlord"), whose mailing address is 13637 Nicholas Street, Omaha, Nebraska 68154, and

St. Joseph Terrace Apartments, L.L.C., a Nebraska limited liability company ("Tenant"), whose mailing address is 2205 South 10th Street, Omaha, Nebraska 68108.

WITNESSETH:

WHEREAS, Landlord, as landlord, and Tenant, as tenant, entered into that certain **Assisted Living Facility Lease** dated as of August 1, 2011 (the "Lease"), which Lease covers certain demised premises (the "Demised Premises") located in the **City of Omaha, Douglas County, State of Nebraska**, described in Exhibit A hereto attached and incorporated herein by this reference; and

WHEREAS, Landlord and Tenant desire to record this Memorandum of Lease in the real estate records of the County of Douglas, Nebraska, in order to place the general public on notice of the Tenant's interest in the Demised Premises pursuant to the Lease.

NOW, THEREFORE, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Landlord hereby demises, leases and lets to the Tenant, the Demised Premises more particularly described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the Demised Premises for the Term described below, all as provided under the Lease, at the rentals and subject to the terms, covenants and conditions appearing in the Lease between the parties hereto.

A. Lease of Demised Premises. Landlord herein is the "Landlord" under the Lease, and the Tenant herein is the "Tenant" under the Lease. The Lease covers all of the Demised Premises described in Exhibit A annexed hereto, and all improvements, buildings, fixtures and appurtenances thereon or appertaining thereto. Landlord has leased and hereby leases the Demised Premises to Tenant, on the terms and conditions set forth in the Lease, to have and to hold the Demised Premises for the "Term" of the Lease.

B. Term of Lease. The "Term" of the Lease **commences on the date of the Lease, and expires five (5) years thereafter.** The Lease contains six (6) successive options to renew the Term of the Lease for renewal period of **three (3) years each.**

C. Reference to Lease. Reference hereby is made to the Lease itself (which hereby is incorporated herein by this reference) for the complete and definitive statement of the rights, duties, liabilities, obligations and responsibilities of Landlord and Tenant under the Lease, and for the terms, conditions and limitations of the Lease. This Memorandum of Lease is subject to all the terms and conditions of the Lease.

D. Copy of Lease on File; Information. A true and correct copy of the Lease is on file at the law offices of David S. Lang, Esq., Rosenblum, Goldenhersh, Silverstein & Zafft, P.C., 7733 Forsyth Blvd. - 4th Floor, St. Louis, Missouri 63105, Tel. No. 314-726-6868, Fax No. 314-726-6786. For further information concerning the Lease or this Memorandum of Lease, please contact said attorney.

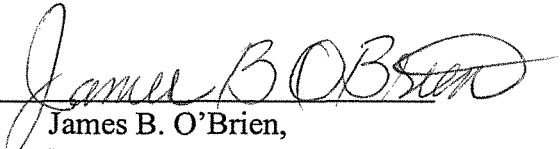
E. Miscellaneous. All capitalized terms not herein defined shall have the meanings ascribed to such terms in the Lease. This instrument shall bind and inure to the benefit of Landlord, its successors and assigns, and Tenant, its successors and permitted assigns.

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IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed as of the date hereinabove stated.

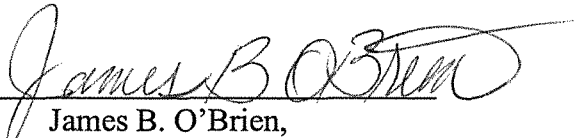
LANDLORD:

ST. JOSEPH TOWER, L.L.C.,
A Nebraska limited liability company

By: 
James B. O'Brien,
Manager

TENANT:

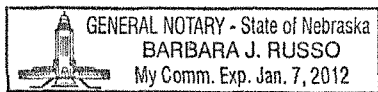
ST. JOSEPH TERRACE APARTMENTS, L.L.C.,
A Nebraska limited liability company

By: 
James B. O'Brien,
Manager

STATE OF NEBRASKA)
) SS
COUNTY OF DOUGLAS)

On this 18th day of August, 2011, before me appeared James B. O'Brien, to me personally known, who, being by me duly sworn, did say that he is the Manager of **St. Joseph Tower, L.L.C.**, a Nebraska limited liability company, **as Landlord**, and that said instrument was signed in behalf of said limited liability company, by authority of its member; and said James B. O'Brien, the manager of St. Joseph Tower, L.L.C., acknowledged said instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



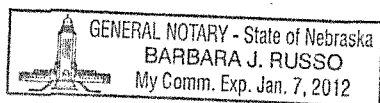
My term expires: January 7, 2012

Barbara J. Russo
Notary Public

STATE OF NEBRASKA)
) SS
COUNTY OF DOUGLAS)

On this 18th day of August, 2011, before me appeared James B. O'Brien, to me personally known, who, being by me duly sworn, did say that he is the Manager of **St. Joseph Terrace Apartments, L.L.C.**, a Nebraska limited liability company, as **Tenant**, and that said instrument was signed in behalf of said limited liability company, by authority of its members; and said James B. O'Brien, the manager of St. Joseph Terrace Apartments, L.L.C., acknowledged said instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



My term expires: January 7, 2012

Barbara J. Russo
Notary Public

EXHIBITA

Legal Description

Unit 2, St. Joseph High Rise Condominium Property Regime, a condominium regime organized under the laws of the State of Nebraska, in the City of Omaha, Douglas County, Nebraska, pursuant to Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements dated August 14, 1998 and recorded October 19, 1998, in Book 2104 at Page 216 of the Deed records of Douglas County, Nebraska, and as Amended by First Amendment to the Master Deed and Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, dated June 1, 1999 and recorded July 13, 1999 at Book 1300, page 150 of the Miscellaneous Records of Douglas County, Nebraska.

EXHIBIT C
HUD ADDENDUM

HUD ADDENDUM TO OPERATING LEASE

This Addendum is attached to and made a part of that certain Assisted Living Facility Lease dated August 1 , 2011, entered into by Owner/Lessor and Lessee (the "Operating Lease"), and amends and/or supplements the Operating Lease. In the event of a conflict between the terms of this Addendum and the Operating Lease, the terms of this Addendum shall govern and control. Capitalized terms used herein but not defined shall have the meanings set forth in the Operating Lease.

DEFINITIONS

The following terms shall have the meanings specified below:

"FF&E" means furnishings, fixtures and equipment of all kinds used in connection with the Leased Premises, including additions, substitutions and replacements thereto.

"FHA" means the Federal Housing Administration.

"Health Care Requirements" shall mean, relating to the Leased Premises, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of the Leased Premises or any part thereof as a health care facility, and all material permits, licenses and authorizations and regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with health care authorities pertaining to the Leased Premises.

"HUD" means the U.S. Department of Housing and Urban Development.

"HUD Program Requirements" means all applicable statutes and regulations, including all amendments to such statutes and regulations, as they become effective, and all applicable requirements in HUD handbooks, notices and mortgagee letters that apply to the Leased Premises, including all updates and changes to such handbooks, notices and mortgagee letters that apply to the Leased Premise, except that changes subject to notice and comment rulemaking shall become effective upon completion of the rulemaking process.

"Leased Premises" means all the land located at, and known and identified as 2205 South 10th Street, said premises being situated in Omaha, Douglas County, Nebraska, and more particularly described in Exhibit A attached to this Operating Lease, together with any additions thereto and substitutions therefore, and any buildings, improvements, betterments, all FF&E and other property, real or personal, now existing or at any time acquired, constructed or located thereon, and all easements and other rights appurtenant thereto.

"Lender" means Gershman Investment Corp., an Arkansas corporation, and any future holder of the Mortgage.

"Lessee" means St. Joseph Terrace Apartments, L.L.C., a Nebraska limited liability company.

Effective as of 9-30-10

"Lessee Regulatory Agreement" means the Regulatory Agreement-Nursing Homes entered into by and between the Lessee and FHA with respect to the Leased Premises and any riders, amendments and supplements thereto.

"Lessee Security Agreement" means that certain Lessee Security Agreement between Lessee and Lender with respect to the Leased Premises and any amendments or supplements thereto.

"Material Term" is a term in a loan or security agreement that:

- 1) extends the maturity date of the loan;
- 2) adds guarantors to the loan;
- 3) releases guarantors from the loan;
- 4) adds borrowers to the loan;
- 5) adds an interest reserve to the loan;
- 6) amends the interest rate payable on the outstanding principal balance of the loan;
- 7) increases or decreases the principal amount of the loan;
- 8) adds collateral as additional security for the loan; and/or
- 9) amends or expands the type of obligations secured by the loan.

"Mortgage" means that certain mortgage or deed of trust from the Owner/Lessor in favor of the Lender with respect to the Leased Premises securing the Mortgage Loan, and any amendments and supplements thereto.

"Mortgage Loan" means the FHA-insured mortgage loan in the original maximum principal amount of up to \$7,425,000.00 made by Lender to the Owner/Lessor, secured, in whole or in part, by the Leased Premises, as the same may be amended, increased or decreased.

"Mortgage Loan Documents" means the Owner/Lessor Regulatory Agreement, the Mortgage, the Promissory Note evidencing the Mortgage Loan executed by the Owner/Lessor in favor of the Lender, the Security Agreement, the Lessee Regulatory Agreement, the Lessee Security Agreement, and any and all other documents required by HUD and/or the Lender in connection with the Mortgage Loan.

"Owner/Lessor" means St. Joseph Tower, L.L.C., a Nebraska limited liability company.

"Owner/Lessor Regulatory Agreement" means the Regulatory Agreement entered into by and between the Owner/Lessor and HUD with respect to the Leased Premises and any riders, amendments and supplements thereto.

"Security Agreement" means that certain Security Agreement between Owner/Lessor and Lender with respect to the Leased Premises and any amendments and supplements thereto.

HUD REQUIREMENTS

1. Precedence of Addendum. For so long as HUD is the holder or insurer of any indebtedness secured by the Leased Premises, the provisions of this Addendum shall apply to this Lease. In the event of any conflict between any provision of this Addendum and any other provision of this Lease, the provision of this Addendum shall be controlling. This Addendum shall not be amended without the prior written consent of HUD and the Lender.

2. Compliance With HUD Program Requirements and Terms of Mortgage Loan Documents.

(a) The Lessee agrees to comply with all applicable HUD Program Requirements and the Mortgage Loan Documents. The Lessee further agrees that this lease will be part of the collateral pledged by Owner/Lessor to Lender & HUD. The Lessee agrees that it will not take any action which would violate any applicable HUD Program Requirements or any of the Mortgage Loan Documents.

(b) In the event of any conflict between the terms and provisions of this Lease Agreement and any applicable HUD Program Requirements or the Mortgage Loan Documents, the HUD Program Requirements and Mortgage Loan Documents shall control in all respects. Owner/Lessor and Lessee agree that no provision of this Lease shall modify any obligation of Owner/Lessor or Lessee under the Mortgage Loan Documents. Owner/Lessor and Lessee acknowledge that HUD's acceptance of this Lease in connection with the closing of the Mortgage Loan shall in no way constitute HUD's consent to arrangements which are inconsistent with HUD Program Requirements. This Lease is subject to all HUD Program Requirements.

3. Subordination.

(a) This Lease is and shall be subject and subordinate to the Mortgage and other Mortgage Loan Documents; to all renewals, modifications, consolidations, replacements and extensions thereof; to all substitutions thereof; and to all future mortgages upon the Leased Premises and/or other security interests in or to the Leased Premises and any other items which are herein leased to Lessee or which, pursuant to the terms hereof, become a part of the Leased Premises or are otherwise deemed to become the property of Owner/Lessor or to remain upon the Leased Premises at the end of the term; and to each advance made or hereafter to be made under any of the foregoing. This Section shall be self-operative and no further instrument of subordination shall be required. Without limiting the foregoing, the Lessee agrees to execute and deliver promptly any and all certificates, agreements and other instruments that the Owner/Lessor, Lender or HUD may reasonably request in order to confirm such subordination. Unless the Lender shall have agreed otherwise, if the Lender or another person or entity shall succeed to the interest of the Owner/Lessor by reason of foreclosure or other proceedings brought by Lender in lieu of or pursuant to a foreclosure, or by any other manner (Lender or such other person or entity being called a "Successor"), then this Lease shall terminate, or, at the option of the Successor, this Lease shall nevertheless continue in full force and effect, in which case the Lessee shall and does hereby agree to attorn to the Successor and to recognize the Successor as its landlord under the terms of this Lease.

(b) Agreements for provision of services to the Leased Premises or the granting of easements, rights of way or other allowances of use or placement of CATV, utilities or other items are, and shall always be, subordinate to (i) the right of Owner/Lessor, and (ii) the Mortgage and other Mortgage Loan Documents and all other mortgages and security interests now or hereafter encumbering the Leased Premises and/or the property of which it forms a part. Lessee must obtain HUD written approval prior to entering into any telecommunications services agreement and/or granting of any easements.

4. Ownership of FF&E. Lessee agrees that (a) except leases of FF&E entered into in the ordinary course of business with third-party lessees and property of tenants and residents of the Leased Premises, all FF&E located on the Leased Premises at the date of the Lease is and shall be the property of the Owner/Lessor, and (b) any FF&E acquired by Owner/Lessor or Lessee during the term of this Lease remaining on the Leased Premises at the termination of the Lease shall be and/or become the property of the Owner/Lessor. Lessee agrees, during the term of the Lease, not to remove any FF&E from the Leased Premises, except to replace such FF&E with other similar items of equal or greater quality and value.

5. Payments. Owner/Lessor and Lessee each acknowledges and agrees that the rent and other amounts payable by Lessee under this Lease (including rent, additional rent and all other sums payable under this Lease) are sufficient to properly maintain the Leased Premises, and to enable the Owner/Lessor to meet its debt service obligations and related expenses in connection with the Mortgage Loan and the Leased Premises.

6. Lessee Regulatory Agreement and Lessee Security Agreement. At the time of the closing of the Mortgage Loan, the Lessee agrees to execute the Lessee Regulatory Agreement and the Lessee Security Agreement, and other applicable documents evidencing the Lender's security interest in the collateral of the Lessee. The Lessee agrees to comply with its obligations under the Lessee Regulatory Agreement and the Lessee Security Agreement, and agrees that a default by the Lessee under the Lessee Regulatory Agreement or Lessee Security Agreement shall be deemed to be a default under this Lease.

7. Management Contract Requirements. The Lessee agrees not to enter into any management contract involving the Leased Premises unless such management contract complies with applicable HUD Program Requirements and contains provisions that, in the event of default under the Owner/Lessor Regulatory Agreement or the Lessee Regulatory Agreement, the management agreement shall be subject to termination upon not more than thirty (30) days notice without penalty upon written request of HUD. Upon such HUD termination request, the Lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to HUD for continuing proper management of the Leased Premises.

8. Licenses; Bed Authority. Lessee shall ensure that the Leased Premises meets all state licensure requirements and standards at all times. Owner/Lessor and Lessee agree not to undertake or acquiesce to any modification to any license with respect to the Leased Premises or to any "bed authority" related thereto without the prior written approval of HUD.

9. Governmental Receivables. Lessee shall be responsible for obtaining and maintaining all necessary provider agreements with Medicaid, Medicare and other governmental third party payors. Lessee agrees to furnish HUD and Lender with copies of all such provider agreements and any and all amendments thereto promptly after execution thereof.

10. Financial Statements and Reporting Requirements. Lessee agrees to furnish HUD and Lender copies of its annual financial statements with respect to the Leased Premises, prepared in compliance with the requirements of the Lessee Regulatory Agreement, within ninety (90) days after the close of Lessee's fiscal year or such longer period as may be permitted by HUD. Lessee agrees to submit to HUD and Lender copies of all other financial reports as specified in the Lessee Regulatory Agreement.

11. Inspections. The Lessee agrees that upon reasonable request, the Lender, HUD and their respective designees and representatives may at all reasonable times, upon reasonable notice, subject to the rights of patients, residents and tenants, examine and inspect the Leased Premises. The Lessee will, on the request of the Lender and/or HUD, promptly make available for inspection by the Lender and/or HUD, and their designees and representatives, copies of all of the Lessee's correspondence, books, records and other documentation relating to the Leased Premises, excepting communications between the Lessee and its attorneys. The Lessee agrees to maintain accounting records for the Leased Premises in accordance with its customary practice and the Lessee Regulatory Agreement, separate from any general accounting records which the Lessee may maintain in connection with the Lessee's other activities. The Lessee agrees that the Lender and/or HUD, and their designees and representatives, shall at any reasonable time, have access to and the right to examine all accounting records of the Lessee which relate directly or indirectly to the Leased Premises. The obligations of Lessee under this Section shall be limited to the extent necessary in order for Lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

12. Insurance; Casualty; Condemnation. The Lessee agrees to procure and maintain, or cause to be procured and maintained, the insurance coverage required pursuant to the Mortgage Loan Documents and/or applicable HUD Requirements, including HUD Notices H 04-01 and H 04-15. Insurance proceeds and the proceeds of any condemnation award or other compensation paid by reason of a conveyance in lieu of the exercise of such power, with respect to the Leased Premises or any portion thereof shall be applied in accordance with the terms of the Mortgage Loan Documents and applicable HUD Program Requirements. The decision to repair, reconstruct, restore or replace the Leased Premises following a casualty or condemnation shall be subject to the terms of the Mortgage Loan Documents and applicable HUD Requirements.

13. Assignment of Operating Lease and Subletting of the Leased Premises. This Lease shall not be assigned or subleased by Lessee, in whole or in part (including any transfer of title or right to possession and control of the Leased Premises, or of any right to collect fees or rents), without the prior written approval of HUD. The prior written approval of HUD shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires HUD approval under the Department's previous participation approval requirements. Owner/Lessor and Lessee acknowledge that any proposed assignee will be required to execute a Lessee Regulatory Agreement and a Lessee Security Agreement, each in form and substance satisfactory to HUD, as a prerequisite to any

such approval. Any assignment or subletting of the Leased Premises made without such prior approval shall be null and void. This restriction on subletting does not apply to Lessee's leasing of individual units or beds to patient / residents.

14. Accounts Receivable (AR) Financing. The Lessee shall not pledge its accounts receivable or receipts to an accounts receivable lender for any loan without the prior written approval of the Lender and HUD. In the event that the Lender and HUD grant such approval; (i) the holder(s) of such lien shall enter into an Intercreditor and a Rider to Intercreditor Agreement with the AR Lender and Lender on such terms and conditions as may be required by HUD; and (ii) Lessee shall agree to comply with the requirements imposed by the Lender and HUD in connection therewith. Until such approved loan is paid in full, the written approval of HUD is required for any proposed modifications, extensions, renewals or amendments to a Material Term of the AR loan or the security agreement, prior to the effective date of such amendments.

15. Termination of Lease. The Lease shall not be terminated prior to its expiration date without the prior written approval of HUD. If HUD becomes Mortgagee, Mortgagee in Possession, or Successor, HUD can terminate the Lease (A) for any violation of the Lease that is not cured within any applicable notice and cure period given in the Lease, (B) for any violation of the Lessee Regulatory Agreement or other HUD Program Requirements or Health Care Requirements that is not cured within thirty (30) days after receipt by Lessee of written notice of such violation or (C) if HUD, as a result of the occurrence of either of the events described in the foregoing items (A) or (B), is required to advance funds for the operation of the facility located on the Leased Premises.

16. Master Lease. Projects proposed for FHA financing under the Section 232 program that are affiliated by common ownership among Mortgagors and/or Lessee/Operator entities must receive written approval from HUD, and may be required to use a Master Lease between the Mortgagor/Landlord and the Master Tenant/Subtenant/Operator. The Master Lease and the HUD Master Lease Subordination Agreement or Master Lease Subordination Non Disturbance Agreement shall be approved by HUD and the Mortgagee. The Master Lease shall only contain Mortgagors and Operators of FHA-insured projects.

17. Notwithstanding any other terms contained in the Lease, in the event of an assignment of the Lease to HUD or FHA, neither HUD nor FHA shall have any indemnification obligations under the Lease. In addition, any payment obligations of HUD or FHA pursuant to the Lease shall be limited to actual amounts received by HUD or FHA, and otherwise not prohibited by applicable law or regulation, including without limitation, the Anti Deficiency Act, 31 U.S.C. § 1341 et seq.

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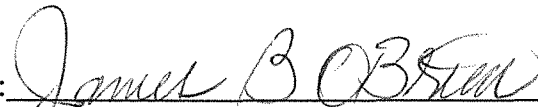
SIGNATURE PAGES TO FOLLOW]

LESSEE SIGNATURE PAGE
FOR
HUD ADDENDUM TO OPERATING LEASE

In witness whereof, the undersigned has executed and delivered this Addendum as of the date first above set forth.

LESSEE:

ST. JOSEPH TERRACE APARTMENTS, L.L.C.,
A Nebraska limited liability company

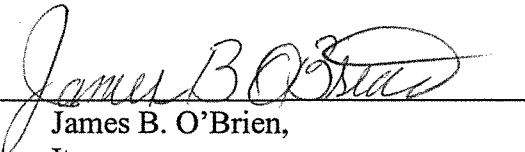
By: 
James B. O'Brien,
Its manager

OWNER/LESSOR SIGNATURE PAGE
FOR
HUD ADDENDUM TO OPERATING LEASE

In witness whereof, the undersigned have executed and delivered this Addendum as of the date first above set forth.

OWNER/LESSOR:

ST. JOSEPH TOWER, L.L.C.,
A Nebraska limited liability company

By: 
James B. O'Brien,
Its manager