

**Master Tenant Security  
Agreement**  
Section 232

**U.S. Department of Housing  
and Urban Development**  
Office of Residential  
Care Facilities

OMB Approval No. 2502-0605  
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[PROJECT NAME]  
FHA Project No. \_\_\_\_\_

**THIS MASTER TENANT SECURITY AGREEMENT** (this “**Agreement**”) is made, entered into and dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between [MASTER TENANT], a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_, who is located (as determined in accordance with the Uniform Commercial Code as now enacted in the State, as that term is defined below, or hereafter amended or superseded (the “**UCC**”)) at \_\_\_\_\_ [if different from the location, also insert the address for notices] (the “**Master Tenant**” or “**Debtor**”); and [FHA Lender], a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ and having an address at \_\_\_\_\_ [insert address for notices] (the “**Secured Party**” or the “**Lender**”), as follows:

**Recitals**

A. Contemporaneously with this Agreement, Lender has made a loan to \_\_\_\_\_ (the “**Borrower**”) in the principal amount of \$\_\_\_\_\_.00 (the “**Loan**”). The Loan is evidenced by the Healthcare Facility Note made by the Borrower in favor of the Lender, dated as of even date herewith (the “**Note**”), which Note is secured in part by the healthcare facility commonly known as [\_\_\_\_\_] (the “**Healthcare Facility**”), authorized to receive mortgage insurance pursuant to Section 232 of the National Housing Act, as amended, and located on the real property legally described on Exhibit A attached hereto and incorporated herein by reference (the “**Land**”) (the Healthcare Facility and any other improvements situated on the Land are referred to herein as the “**Improvements**”) (the Land, the Healthcare Facility, and any other Improvements, together with any and all assets of whatever nature or wherever situated related to the Loan, are hereinafter sometimes referred to as the “**Project**”).

B. Borrower has leased the Healthcare Facility to Master Tenant pursuant to that certain [Name of Master Lease], dated as of [\_\_\_\_\_] , as amended from time to time (“**Master Lease**”). Master Tenant has subleased the Healthcare Facility to

[ ] (the “**Operator**”) to operate the Healthcare Facility, pursuant to that certain [title of Operator’s sub-lease with Master Tenant] dated as of [ ] (“**Sublease**”), as now or hereafter amended, and/or renewed or extended.

C. Operator is subject to that certain Healthcare Regulatory Agreement-Operator, between Operator and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates (“**HUD**”), relating to the Healthcare Facility and made as of substantially even date herewith, as the same may be amended from time to time (“**Operator Regulatory Agreement**”). Master Tenant is subject to that certain Healthcare Regulatory Agreement-Master Tenant, between Master Tenant and HUD relating to the Healthcare Facility and made as of substantially even date herewith, as the same may be amended from time to time (“**Master Tenant Regulatory Agreement**”).

D. In addition to the Healthcare Facility, Master Tenant is or will be leasing a number of other healthcare facilities (“**Other Healthcare Facilities**”), pursuant to the Master Lease, and subleasing each in turn to an affiliated operator (collectively, “**Other Operators**”), each pursuant to a sublease agreement, as now or hereafter amended and/or renewed or extended (collectively the “**Other Subleases**”). Lender has or may extend loans in connection with each of the Other Healthcare Facilities, each such loan insured by HUD pursuant to Section 232 of the National Housing Act, as amended, or subsequent legislation (the “**Other FHA-insured Loans**”).

E. In connection with the Loan, the Borrower, among other things (i) granted to the Lender the Healthcare [Mortgage, Deed of Trust, Deed to Secure Debt, Security Deed or other Designation as appropriate in Jurisdiction], Assignment of Leases, Rents and Revenue and Security Agreement, dated as of even date herewith, encumbering the Project, which has been or is being recorded in the real estate records of the jurisdiction in which the Land is located (the “**Security Instrument**”), and (ii) entered into a Healthcare Regulatory Agreement-Borrower with HUD, dated as of even date herewith (the “**Borrower Regulatory Agreement**”). The Master Tenant expects to benefit from the leasing, subleasing, and operation of the Healthcare Facility and has agreed to enter into this Agreement with the Secured Party as security for the Obligations (as defined below). This Agreement, the Note, the Security Instrument, the Borrower Regulatory Agreement, the Operator Regulatory Agreement, the Master Tenant Regulatory Agreement, the Operator Security Agreement, and all other agreements, instruments, and documents which now or in the future exist, in connection with or related to the Loan, whether executed or delivered by or on behalf of Borrower, Operator or Master Tenant, as the same may be amended from time to time, are sometimes collectively referred to as the “**Loan Documents**.” The Master Lease and Sublease shall not be considered Loan Documents. The Master Lease, the Operator Regulatory Agreement, the Master Tenant Regulatory Agreement, this Agreement, any agreements subordinating the Master Lease to the Loan, the Subtenant Cross-Default Guaranty, and all other agreements, instruments, and documents which now or in the future exist, in connection with or related to the Master Lease, whether executed or delivered by or on behalf of Borrower, Operator or Master Tenant, as the same may be amended from time to time, are sometimes collectively referred to as the “**Master Lease Documents**.”

F. As a party to the Sublease and as an affiliate of the Operator, Master Tenant acknowledges and agrees that it shall benefit directly or indirectly from the making of the Loan to Borrower. **[If applicable, include the following sentence: Further, Master Tenant acknowledges that it has an identity of interest with the Borrower.]**

G. As used herein, “**Healthcare Assets**” means (i) any and all licenses, permits and/or approvals issued by any governmental authority with respect to the use or operation of the Healthcare Facility for the Approved Use (as that term is defined in the Master Tenant Regulatory Agreement), (ii) any and all Medicare and Medicaid or other governmental insurance provider agreements (the “**Provider Agreements**”), and (iii) any and all “**Government Receivables Accounts**” (as defined below) and “**Government Payments**” (as defined below).

### **Statement of Agreement**

#### **1. SECURITY INTEREST; SETOFF.**

(a) To secure the full, prompt and complete payment and performance of all Obligations (defined hereafter), the Master Tenant hereby, to the fullest extent permitted by applicable law, grants to, and creates in favor of, the Secured Party a continuing security interest in any and all of Master Tenant’s right, title and interest in and to the property described on Exhibit B attached hereto and incorporated herein by reference (the “**Collateral**”).

(b) “**Obligations**” means: (1) all covenants, debts and amounts owing from the Borrower, Operator, and/or Master Tenant to the Secured Party and/or HUD arising out of, in connection with, described in, or evidenced by the Loan Documents and/or Master Lease Documents, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing and whether consisting of principal, interest, fees, indemnities, expenses (including attorneys' fees), charges or other sums, however any of that indebtedness, obligations, or liabilities may be evidenced or acquired, all as now exist or may, after the date of this Agreement, be incurred, renewed, extended, consolidated, adjusted or amended; and (2) Master Tenant’s rent and other payments (including all tax, insurance or other capital, repair or impound reserve payments required under the Master Lease) and the performance by Master Tenant of its obligations under the Master Lease, which Master Lease has been assigned by the Borrower to the Secured Party.

(c) In addition to (and without limitation of) any right of setoff, lien or counterclaim the Secured Party may otherwise have, the Secured Party may, at its option refuse to allow withdrawals by, or for the benefit of the Borrower and/or Operator and/or Master Tenant of any and all funds, monies, securities and other property held in escrow or in reserves or for the account of the Borrower and/or Operator and/or Master Tenant pursuant to the Loan Documents or Master Lease Documents (collectively “**Escrowed Funds**”), and may setoff and retain such Escrowed Funds, against any of the Obligations payable to Secured Party under any of the Loan Documents or Master Lease Documents which is not paid when due (whether or not any of the funds, monies, securities, or other property are then distributable to, or on behalf of, the Master Tenant and/or Borrower and/or Operator).

(d) Notwithstanding any provisions to the contrary contained in this Agreement, this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to

Government Receivables Accounts, Government Payments or other Healthcare Assets to the greatest extent permitted by and not in violation of (i) applicable law, now enacted and/or hereafter amended, and (ii) the Provider Agreements.

## **2. REPRESENTATIONS; GENERAL COVENANTS.**

(a) To induce the Secured Party to make the Loan to Borrower and to induce HUD to grant its consent as applicable to the proposed transaction, pursuant to Program Obligations, the Master Tenant certifies, represents and warrants to the Secured Party that the following statements are, and will continue throughout the term of this Agreement to be, true: (i) the security interest granted to the Secured Party in the Collateral constitutes a valid, first priority security interest; (ii) the Master Tenant has good title to, and is the sole and lawful owner of, the Collateral; (iii) the Master Tenant has full power and authority to enter into and perform its obligations under this Agreement; (iv) the Collateral is free and clear of any lien, security interest, claim, interest, pledge, assignment or other encumbrance (a “**Lien**”) except (A) to the extent expressly permitted pursuant to any accounts receivable financing approved by Lender and HUD (“**Permitted AR Financing**”), (B) rights granted to the Borrower under the Master Lease, if any, which are subordinate to the liens in favor of the Secured Party (“**Subordinate Master Lease Rights**”), (C) taxes that are not yet due and payable, and (D) those Liens, if any, permitted by Program Obligations and/or otherwise approved in writing by Secured Party and HUD that do not violate statutes or HUD regulations (collectively, the “**Permitted Liens**”); (v) the Master Tenant keeps all tangible Collateral at the Healthcare Facility; (vi) all trade names, assumed names, fictitious names and other names used by the Master Tenant during the five year period preceding the date of this Agreement are set forth on unrecorded Exhibit C, and the Master Tenant has not, during the preceding five year period, except as may be set forth on unrecorded Exhibit C, acquired any of its assets in any bulk transfer; (vii) Master Tenant’s location (as determined in accordance with Article 9 of the UCC) is as set forth in the first paragraph of this Agreement; (viii) Master Tenant’s exact legal name is as set forth in the first paragraph of this Agreement; (ix) Master Tenant’s organizational number (if any) as assigned by the State in which Master Tenant is organized is the number identified as such on the financing statement(s) filed in connection with the closing of the Loan, if such financing statements require such organizational number (x) the cash flow chart attached as Exhibit C-1 to the Operator Security Agreement accurately and completely discloses the flow of Operator’s and Master Tenant’s funds, and (xi) unrecorded Exhibit C attached hereto is accurate and complete, and except as may be set forth on unrecorded Exhibit C, the Master Tenant has no rights, titles or interests in, or with respect to, any investment property, any letters of credit, any electronic chattel paper, any commercial tort claims, any instruments, including promissory notes, or any deposit accounts.

(b) The Master Tenant will not grant, create or permit to exist any Lien on any of the Collateral except for Permitted Liens. To the extent UCC filings or other evidence of liens that are satisfied with the proceeds of or otherwise in connection with the closing of the Loan, such liens and evidence shall be disclosed to Lender and HUD and cleared from title as quickly as possible. The Master Tenant, at the Secured Party’s request, will defend the Collateral against the claims and demands of any individual, unincorporated association, partnership, joint venture, trust, business trust, corporation, limited liability company, institution, entity or any governmental authority (“**Persons**”) at any time claiming any interest in the Collateral.

(c) The Collateral will be used by the Master Tenant only in the operation of the Project. Until an Event of Default (as defined below) occurs, the Master Tenant may have possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Documents, the Master Lease Documents, and any policy of insurance thereon. The Master Tenant will not sell, assign, lease, or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party; however, the Master Tenant will have the right, without the Secured Party's consent, to transfer, sell or dispose of Collateral in the ordinary course of business of operating the Healthcare Facility for the Approved Use as follows: (i) any inventory or other tangible Collateral utilized in the ordinary course of providing services to the residents of the Healthcare Facility and (ii) any of the Collateral that has become obsolete, worn out, or otherwise inappropriate, unfit or unnecessary for use in operating the Healthcare Facility. Such Collateral shall be known as “**Consumed Property**.” Master Tenant shall promptly replace such Consumed Property with other property of reasonably equivalent value as necessary or appropriate to maintain the operation of the Healthcare Facility for the Approved Use in compliance with applicable law and Program Obligations. Replacement personal property shall be free and clear of any Liens except for the Permitted Liens. To the extent of Master Tenant's interest, any such replacement personal property will automatically become a part of the Collateral under this Agreement. The Secured Party's interests in the proceeds of the Collateral (or notification of its interests in the proceeds of the Collateral in financing statements or otherwise) will not be construed as modifying this Agreement or as the Secured Party's consent to the disposition of any Collateral other than as provided in this Agreement.

(d) All tangible Collateral is to be located at the Healthcare Facility, and no tangible Collateral may be removed therefrom without the prior consent of the Secured Party unless the Collateral is (i) Consumed Property under the terms of Section 3(c) above or (ii) being removed in accordance with the terms of Section 3(f) below or (iii) Books and Records located at Master Tenant's Chief Executive Office. Immediately on demand therefor by the Secured Party, the Master Tenant will deliver to the Secured Party any and all evidences of ownership of the Collateral (including certificates of title and applications for title).

(e) The Master Tenant will give the Secured Party not less than 30 days prior written notice of any change of (A) Master Tenant's corporate, limited liability company, partnership, doing business, trade or legal name or (B) the location of any Collateral. Prior to changing its name, the Master Tenant shall provide Secured Party, not less than thirty (30) days prior to the effective date of any name change (i) written notice to the Secured Party of such name change, and (ii) a file-stamped copy of a UCC-3 financing statement that properly reflects the name change, which UCC-3 financing statement must be filed and/or recorded in all appropriate filing offices and any other offices where a UCC-1 financing statement was filed in connection with the closing of the Loan. Additionally, the Master Tenant shall not change the location of the Collateral, without the prior written consent of Secured Party, and without taking all such actions necessary to insure such change does not impair or adversely affect Secured Party's Liens.

(f) The Master Tenant will, at its own cost and expense, maintain all of the tangible Collateral in good working condition and make all necessary renewals, repairs, replacements, additions, betterments and improvements thereto, and, in connection therewith, the Master Tenant may temporarily remove the same, or any part thereof, from the Project if such removal is necessary or advisable in connection with the Operator fulfilling its obligations under this Section 3(f) and does not affect the priority of the security interest created hereby.

(g) The Master Tenant will operate or cause the Operator to operate the Healthcare Facility in accordance with, and in all other ways comply with, the Master Tenant and/or Operator Regulatory Agreement and Program Obligations (as such term is defined in the Loan Documents). In addition, and without limiting the generality of the foregoing, the Master Tenant will deliver to Secured Party copies of all reports, financial statements and other information which the Master Tenant is obligated to provide to HUD pursuant to the Master Tenant Regulatory Agreement or otherwise pursuant to the Loan Documents or Program Obligations concurrent with the delivery of such reports, financial statements and other information to HUD. In addition, Master Tenant shall provide such other financial statements, reports or other information pertaining to the Project or financial condition of Master Tenant as Secured Party may reasonably request, to Secured Party within ten (10) days after Secured Party makes such request or such other time frame as may be required under the applicable Loan Document or Program Obligations.

(h) The Master Tenant will not change (i) without thirty (30) days prior notice to the Secured Party, the location of its chief executive office or (ii) without the prior written consent of Secured Party, which shall not be unreasonably withheld, its jurisdiction of organization or its “**location**” (as such term is defined in the UCC) provided that no such change shall be permitted unless Master Tenant has provided all such financing statements or amendments, and/or filed financing statements in such additional jurisdictions, and provided all other assurances necessary to assure the creation, preservation, continuation and/or perfection of Secured Party’s Liens.

(i) The Master Tenant will not merge or consolidate with or into any other Person without the prior written consent of Secured Party.

(j) The Master Tenant will not establish any Deposit Accounts (as defined below) unless (i) with respect to any proposed Deposit Account (other than those disclosed on Exhibit C) at least thirty (30) days prior written notice of the name and address of the depository bank, the type of account and any other information reasonably requested by the Secured Party is provided to Secured Party and (ii) contemporaneously therewith, if requested by the Secured Party consistent with the Master Tenant’s obligations under Section 15, a deposit account control agreement in form and substance acceptable to the Secured Party and HUD (“**DACA**”) or, in instances of a Government Receivables Account (as defined below), a deposit account instruction services agreement in form and substance acceptable to Secured Party and HUD (“**DAISA**”), is entered into among the Master Tenant, the Secured Party and the depository bank where the deposit account would be maintained. Notwithstanding the foregoing, a DACA shall not be required on payroll or other operating accounts that are funded solely with funds that have first gone through an account subject to a DACA in favor of Secured Party, including, but not limited to, accounts subject to a DACA that is maintained by an affiliate of Master Tenant.

As used herein, “**Deposit Account**” means (1) any deposit account into which payments to the Master Tenant with respect to the operation of the Healthcare Facility are initially deposited, as opposed to being transferred from another Healthcare Facility account, and (2) any deposit account into which Government Payments are directly transferred from a Government Receivables Account.

As used herein, “**Government Payment**” means a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

Upon the Secured Party's request (which request need be made only once and not on a recurring basis), the Master Tenant will take all reasonable steps to cause each of the Master Tenant's depository banks to provide to the Secured Party, (A) whether by Internet access or otherwise, on-line screen access to daily activity in the Master Tenant's deposit accounts, and (B) a copy of each periodic account statement relating to the Master Tenant's deposit accounts ordinarily furnished by the depository bank to the Master Tenant. The Master Tenant authorizes and approves of the Secured Party communicating directly with each depository bank that maintains a deposit account for the Master Tenant.

If Master Tenant serves as a collection agent for the Government Payments due the Operator(s), the Master Tenant will maintain one or more separate deposit account(s) into which only Government Payments are deposited (collectively, the "**Government Receivables Accounts**"). The Master Tenant will not commingle in any Government Receivables Account proceeds of accounts from non-governmental sources with proceeds of accounts owing from governmental sources, including Government Payments. The Master Tenant shall cause all Government Payments to be deposited directly into a Government Receivables Account.

Prior to causing or allowing any funds to be deposited into any Government Receivables Account, the Master Tenant shall cause a DAISA to be entered into with respect to each Government Receivables Account by and among the Operator, or Master Tenant, if applicable, the Secured Party and the depository bank that maintains such Government Receivables Account. Unless otherwise expressly approved by Secured Party and HUD, each DAISA shall instruct the depository bank to initiate a funds transfer each business day, unless the Secured Party approves otherwise, of all available funds in the applicable Government Receivables Account to a non-Government Receivables Account of the Operator or Master Tenant that is then subject to a DACA. Not less than thirty (30) days prior to the effective date thereof, the Master Tenant will provide or will cause to be provided to the Secured Party a copy of (1) any change to any DAISA, or (2) any new or changed directions with respect to a Government Receivables Account issued to a depository bank maintaining such Government Receivables Account, in each case no later than providing the change or directions to the depository bank.

Unless a default exists under this Agreement or any other Master Lease Document or Loan Document, the Secured Party will not provide notice to the depository bank that is party to a DACA that Secured Party is exercising rights of control in the Master Tenant's deposit accounts.

(k) To the extent that any representative of the Master Tenant or other third party is named on or has an interest in any deposit account now or hereafter established relevant to the flow of funds of the Master Tenant, such arrangement must be acceptable to Secured Party and HUD and compliant with any restrictions in the Loan Documents. The Master Tenant shall cause deposit accounts to comply with this section and shall, if required by Secured Party and/or HUD, cause such third party to execute such security agreements, joinders, DACA and other documents as may be required by Secured Party for the purpose of granting Secured Party a security interest in, perfecting or continuing such security interest in, and/or binding such third party's interest in any such deposit accounts and/or funds or other items deposited therein.

(l) Master Tenant will comply with all the terms and provisions of the Master Lease.

**3. COMPLIANCE WITH LAWS.** The Master Tenant will comply with all applicable federal, state and local laws.

**4. TAXES; EXPENSES.** The Master Tenant will pay, when due, all taxes, assessments and other charges lawfully and validly levied or assessed on the Collateral or any part thereof. The Master Tenant will pay or reimburse the Secured Party for (i) any and all fees, costs and expenses, of whatever kind and nature, including the fees, expenses and disbursements of the Secured Party's counsel (including but not limited to fees, expenses and disbursements for preparation of documents, making title examinations and rendering opinion letters) which the Secured Party may incur in connection with filing of any financing statements or other public notices to protect its interests hereunder, the enforcement, preservation, foreclosure, and/or protection of the Secured Party's rights and/or remedies under the Master Lease Documents and Loan Documents, whether incurred through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to the Master Lease Documents and Loan Documents, and (ii) all filing and recording fees and taxes payable in connection with the transactions contemplated by the Master Lease Documents. All amounts payable by Master Tenant to Secured Party under this Section 5 will be paid by the Master Tenant upon the Secured Party demand therefor.

**5. INSPECTION; NOTICES.** Subject to the privacy rights of the residents or other individuals served by the Healthcare Facility, the Secured Party, or its agents, may enter on the Project and/or the Healthcare Facility and any other Collateral location at any time during normal business hours, and from time to time, for the purpose of inspecting the Project and/or the Collateral and making copies or abstracts of all of the Master Tenant's records pertaining to the Collateral. The Master Tenant will keep, or cause to be kept, accurate and complete records of the Collateral. The Master Tenant will give the Secured Party prompt notice of any new facts which, under the applicable provisions of law, would affect the priority of the security interest granted to the Secured Party herein and of any Event of Default.

**6. INSURANCE.** To the extent required by Program Obligations, the Master Tenant will purchase and maintain or cause the Operator to purchase and maintain insurance at all times with respect to all tangible Collateral against risks of fire (including so-called extended coverage), theft, vandalism and such other risks as the Secured Party may require, in such form, for such periods and written by such companies as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party as its interests may appear. The Master Tenant will purchase and maintain, or caused to be purchased and maintained, at all times liability insurance and business interruption insurance in such amounts and issued by such companies as may be required from time to time by the Secured Party. All policies of insurance will provide for thirty (30) days advance written notice to the Secured Party of cancellation or any material change in coverages of such insurance. The Master Tenant will furnish, or cause to be furnished to, the Secured Party with certificates or other evidence satisfactory to the Secured Party of compliance with the foregoing insurance provisions.

**7. DISCHARGE OF LIENS.** At its option but without any obligation to do so, the Secured Party may (a) discharge any taxes or other Liens at any time levied or placed on the Collateral, (b) pay for insurance on the Collateral, and/or (c) pay for the maintenance and preservation of the Collateral. The Master Tenant will reimburse the Secured Party on its demand for any payment made, or any expense incurred, by the Secured Party pursuant to this



Section 8. All of the foregoing sums paid or advanced by the Secured Party will constitute part of the Obligations and will be secured by the Collateral.

**8. EVENTS OF DEFAULT.** Each of the following events or circumstances, whether or not such event or circumstance is caused by or within the control of the Master Tenant, shall constitute an “**Event of Default**” under this Agreement:

(a) Any of the Obligations are not paid when due, subject to any grace or cure period provided under the document setting forth the particular obligation;

(b) Any terms or conditions of the Master Lease Documents or Loan Documents are not observed, performed or complied with (exclusive of this Agreement which is covered by the other subsections of this Section 9), subject to any applicable grace or cure period in such document; provided however, defaults or breaches of the Borrower Regulatory Agreement, the Operator Regulatory Agreement, or the Master Tenant Regulatory Agreement may only be treated as defaults under this Agreement with HUD’s consent;

(c) The Master Tenant does not observe, perform or comply with any of the other terms or conditions of this Agreement not covered by other subsections of this Section 9 and not also a default under any of the other Loan Documents, which continues for a period of thirty (30) days after notice of such failure by Secured Party to Master Tenant, provided that Secured Party shall extend such thirty (30) day period by such time as Secured Party may reasonably determine is necessary to correct the violation for so long as, Secured Party determines, in its reasonable discretion with HUD’s consent, that: (i) Borrower is timely satisfying all payment obligations in the Loan Documents; (ii) none of the Permits and Approvals material to the operation of the Healthcare Facility is at substantial and imminent risk of being terminated, suspended or otherwise restricted in such a way that such termination, suspension or restriction would have a materially adverse effect on the operation of the Healthcare Facility; (iii) such violation cannot reasonably be corrected during such thirty (30) day period, but can reasonably be corrected in a timely manner, and (iv) cure is commenced during such thirty (30) day period and thereafter diligently and continuously pursued;

(d) Any warranty, representation or statement made or furnished to the Secured Party by, or on behalf of, the Master Tenant proves to have been false in any material respect when made or furnished or when treated as being made or furnished to the Secured Party;

(e) The Secured Party does not have, for any reason, a perfected, first priority security interest in all of the Collateral [except for Permitted Liens];

(f) There occurs any actual or threatened demolition of or injury or Waste (as that term is defined in the Security Instrument) to the Project, not covered by insurance, or not timely replaced or restored by the Master Tenant, Operator or Borrower, which may materially impair the value of the Collateral or the Project or the operations thereat;

(g) Filing by or against the Master Tenant of a petition in bankruptcy, for a reorganization, arrangement or debt adjustment, or for a receiver, trustee, or similar creditors' representative for Master Tenant's property or any part thereof, or of any other proceeding under any federal or state insolvency or similar law (and if such petition or proceeding is an involuntary petition or proceeding filed against the Master Tenant without its acquiescence therein or thereto at any time, the same is not promptly contested and, within sixty (60) calendar days of the filing of such involuntary petition or proceeding, dismissed or discharged), or the making of any general assignment by the Master Tenant for the benefit of creditors, or the Master Tenant dissolves or is the subject of any dissolution, winding up or liquidation, each if,

for so long as the Loan is insured or held by HUD, HUD consents to the treatment of such as an Event of Default;

(h) The Master Tenant is dissolved, and liquidation of the Master Tenant is commenced in accordance with the Master Tenant's organizational documents and/or the law of the jurisdiction of organization; or

(i) The Master Tenant changes its name or the jurisdiction in which it is located (as that term is defined in the UCC) or merges or consolidates with or into another Person without the prior written consent of the Secured Party.

(j) Without limiting the generality of Section 3(j), a change to or termination of any DAISA, or any new directions instructing a depository bank to transfer funds from the Government Receivables Account to a deposit account that is not then subject to a DACA among the Master Tenant, the Secured Party and the depository bank that maintains such deposit account, without the prior written consent of the Secured Party; or

(k) Any DACA required by this Agreement or Master Lease Documents or Loan Documents is not maintained.

## **9. REMEDIES ON DEFAULT.**

(a) Upon the occurrence of an Event of Default, the Secured Party may then, or at any time after the occurrence and during the continuation of such Event of Default, upon written notice to Master Tenant (A) declare all Obligations immediately due and payable, and whereupon the Obligations will be due and payable automatically and immediately, without notice or demand, which the Master Tenant expressly waives, and proceed to enforce payment of the Obligations; (B) exercise all of the rights and remedies afforded to the Secured Party (i) pursuant to the terms of the Master Lease Documents and the Loan Documents, (ii) under the UCC, and/or (iii) by law and/or in equity (subject, however, to any limitations imposed by applicable law); (C) collect and receive the proceeds of all Awards (as defined in Exhibit B), the rights of Master Tenant thereto and shares of Master Tenant therein being hereby assigned to the Secured Party, and give proper receipts and acquittances therefor and apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured Party, of the Obligations; (D) require the Master Tenant to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (E) without limiting the provisions of this Section, apply (or instruct another Person to apply) to the Obligations the balance of any deposit account that is part of the Collateral.

(b) Without limitation of those rights and remedies, the Secured Party may, upon written notice to the Master Tenant, take, and publicly or privately sell or convey, full right, title and interest in and to the Collateral, or any part of it, in the name of the Secured Party and/or its designees. Subject to the terms of this Agreement, and subject to any restrictions in applicable law with respect to the Healthcare Assets, the Master Tenant hereby constitutes and appoints the Secured Party as its true and lawful attorney in fact to assign and transfer its interest in any or all of the Collateral if an Event of Default occurs. This power is coupled with an interest and is irrevocable.

(c) If any notice is required by law for the Secured Party to make a sale or other disposition of the Collateral, the Secured Party and the Master Tenant agree that notice will not be unreasonable as to time if given in compliance with this Agreement ten (10) days before any sale or other disposition of the Collateral. All reasonable attorneys' and paralegal fees and other

legal expenses incurred by the Secured Party to collect the Obligations, to retake, hold, prepare for sale, and to dispose of the Collateral will be (i) payable to the Secured Party on its demand for payment, (ii) part of the Obligations, and (iii) secured by the Collateral.

(d) The Master Tenant further specifically agrees that, in any exercise of the rights of the Secured Party under this Agreement or under any other Master Lease Document or Loan Document, (i) any combination of the Collateral and/or any other security for the Obligations may be offered for sale and (ii) all of the Collateral and/or any other security for the Obligations may be sold for one total price, and the proceeds of any such sale accounted for in one account without distinction among the items of security or without assigning to them any proportion of such proceeds, the Master Tenant hereby waiving the application of any doctrine of marshaling.

(e) Master Tenant shall cooperate in any legal and lawful manner necessary or required, to permit Secured Party or its successors and assigns, or its nominee to continue to operate and maintain the Healthcare Facility for the Approved Use in Master Tenant's name, place and stead. For this purpose, and to the extent not prohibited by applicable law with respect to the Healthcare Assets, Master Tenant irrevocably appoints Secured Party, its successors and assigns, as Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by the state in which the Project is located or any other government authority with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of Master Tenant. This power is coupled with an interest and is irrevocable.

#### **10. NO WAIVER BY SECURED PARTY; CUMULATIVE RIGHTS.**

(a) No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Master Lease Documents or any of the other Loan Documents will be effective unless such waiver is in writing and signed by duly authorized representatives of the Secured Party. No waiver by the Secured Party of any Event of Default or default under this Agreement or any of the other Master Lease Documents or any of the other Loan Documents will operate as a waiver of any other Event of Default or default or of the same Event of Default or default on a future occasion. The Secured Party may delay in exercising or omit to exercise any right or remedy under this Agreement, any other Master Lease Documents or any of the other Loan Documents or by law or equity provided without waiving that or any past, present or future right or remedy. All rights and remedies of the Secured Party in this Agreement and the other Master Lease Documents or any of the other Loan Documents will be cumulative, and none of these rights or remedies will be exclusive of any other right or remedy allowed at law or in equity or in any other Master Lease Documents or any of the other Loan Documents, and all of these rights and remedies may be exercised and enforced concurrently.

(b) Neither the Master Tenant nor any other persons interested in the Collateral or the proceeds of the Collateral shall have any right to require the Secured Party first to resort to or proceed personally against any other Person or to proceed against any other collateral security, or to give priority or preference to any item of Collateral, or to proceed upon any guaranty, prior to exercising its rights hereunder. No renewal or extension of the Master Lease or Loan, no release or surrender of the Collateral and/or any other security for the Obligations, no release of any obligor with respect to the Obligations, and no delay by the Secured Party in enforcing the Obligations or exercising any right or power with respect to the Obligations shall affect the Secured Party's rights with respect to the Collateral.

**11. BINDING EFFECT.** All rights and remedies of the Secured Party under this Agreement will inure to the benefit of the Secured Party's successors and assigns; and all agreements, obligations, and duties of the Master Tenant will bind its heirs, personal representatives and permitted successors and assigns; however, the Master Tenant may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement without the consent of the Secured Party.

**12. GOVERNING LAW; CONSTRUCTION; WAIVER OF TRIAL BY JURY.**

(a) This Agreement and all rights and obligations under this Agreement, including matters of construction, validity and performance, will be governed by the laws of the state in which the Healthcare Facility is located (the "**State**"), except that the law controlling the perfection and priority of Liens of the Secured Party on any deposit account as original collateral designated in a DACA may be governed by the Uniform Commercial Code adopted in the jurisdiction of the depository bank, within the meaning of Section 9-104 of the UCC. If any term of this Agreement is found to be invalid by a court with jurisdiction under the laws of the State or laws of mandatory application, then the invalid term will be considered excluded from this Agreement and will not invalidate the remaining terms of this Agreement. All uncapitalized terms used herein which are now or hereafter defined in the UCC, will have the same meaning herein as in the UCC unless the context indicates otherwise. Every power given herein is coupled with an interest and is irrevocable by death, dissolution or otherwise. The definition of any document includes all schedules, attachments and exhibits to that document, and all renewals, extensions, supplements, amendments, modifications, restatements and consolidations of that document, and any document given in substitution for or replacement of that document. The term "**including**" is used by way of example only and not by way of limitation, and the singular includes the plural and conversely. The captions or headings contained in this Agreement are for reference purposes only and will not affect or relate to the interpretation of this Agreement.

(b) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THE AGREEMENT AND EXTEND CREDIT TO BORROWER, AND TO THE EXTENT PERMITTED BY APPLICABLE STATE LAW SECURED PARTY AND MASTER TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT(S) TO A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM OR DEFENSE RELATING TO, RESULTING FROM OR ARISING OUT OF ANY OF THE MASTER LEASE OR LOAN AND/OR ANY TRANSACTIONS, RIGHTS AND/OR OBLIGATIONS CONTEMPLATED BY THIS AGREEMENT AND/OR ANY OF THE OTHER MASTER LEASE DOCUMENTS OR LOAN DOCUMENTS TO THE FULLEST EXTENT PERMITTED BY LAW. MASTER TENANT FURTHER ACKNOWLEDGES THAT SUCH WAIVER OF THE RIGHT TO A TRIAL BY JURY IS MADE AFTER CONSULTATION WITH COUNSEL.

**13. TERM OF AGREEMENT.** The term of this Agreement will begin on the date of this Agreement and continue in full force and effect and be binding on the Master Tenant until the date that all of the Obligations are fully and finally paid and satisfied.

**14. PERFECTION; FURTHER ASSURANCES.**

(a) The Master Tenant agrees to comply with all applicable laws and requirements in order to grant to the Secured Party a valid, perfected first Lien on the Collateral. At any time and from time to time, the Master Tenant, on request of the Secured Party, will give, authorize, execute, authenticate, file and/or record any notice, financing statement, financing statement amendment, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest or other Lien granted under this Agreement or which the Secured Party may consider necessary or desirable to exercise or enforce its rights under this Agreement. Master Tenant shall, at its expense, provide Secured Party upon its request (and in any event, within forty-five (45) days of the date hereof) with one or more UCC search reports with respect to each office in which a UCC filing may be required in order for Secured Party to validly perfect its security interest in any or all Collateral, confirming that a UCC financing statement has been filed in such office in favor of Secured Party and that there are no other UCC financing statements in effect with respect to any of the Collateral except those in favor of Secured Party and Permitted Liens. The Master Tenant shall pay all filing costs, and all costs and expenses of any record searches for financing statements. Without limiting the generality of the foregoing, the Secured Party is authorized to file with respect to the Collateral one or more financing statements, amendments to financing statements, or other documents without the signature of the Master Tenant and to name therein the Master Tenant as debtor and the Secured Party and/or HUD as secured parties; and correct or complete, or cause to be corrected or completed, any financing statements or other such documents as have been filed naming the Master Tenant as debtor and the Secured Party and/or HUD, as their interests may appear, as secured parties. Master Tenant hereby authenticates such filings.

(b) The Master Tenant hereby appoints the Secured Party as its attorney-in-fact and authorizes the Secured Party, acting alone on behalf of the Master Tenant, to execute, acknowledge, deliver, file and/or record any and all documents requiring execution by the Master Tenant and necessary or desirable to effectuate or facilitate the purposes of this Agreement and/or the obligations or covenants of the Master Tenant under this Agreement. The power of attorney granted hereby is coupled with an interest and is irrevocable. The Secured Party is also authorized by the Master Tenant to give notice to any person that the Secured Party may consider necessary or desirable under applicable law to preserve, perfect or protect the Secured Party's and or HUD's interests in the Collateral. Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant will, on Secured Party's request, cause to be executed by each person that the Secured Party determines is appropriate, a DACA in a form acceptable to the Secured Party.

(c) Without limiting the generality of the foregoing, with respect to any of the Collateral for which control of such Collateral is a method of perfection under the UCC, including all of the Master Tenant's rights, titles and interests in deposit accounts, investment property, electronic chattel paper and letter-of-credit rights, the Master Tenant shall enter into a DACA in a form acceptable to the Secured Party, that grants control (as that term is defined in the UCC) over each deposit account of Master Tenant that is included in the Collateral. Further, Master Tenant covenants that it shall obtain a DACA over any new deposit account it obtains, unless Secured Party permits otherwise. Master Tenant also covenants that it shall not terminate any DACA without the prior written consent of the Secured Party. In the event that Master Tenant receives notice that the DACA is to be or has been terminated by the depository

institution that is a party to such DACA, the Master Tenant shall promptly make alternative arrangements to establish a new DACA with the prior written consent of the Secured Party and shall direct all future receivables to be paid into the deposit account(s) specified in such new DACA.

(d) If Master Tenant takes any action that negates, invalidates or otherwise adversely impacts the effectiveness of the financing statements filed pursuant to this Section, except such actions permitted in this Agreement, Master Tenant shall immediately notify Secured Party of such action and cooperate with Secured Party to the extent necessary to file any amendments or additional financing statements.

**15. OPERATIONS TRANSFER/COOPERATION IN EVENT OF SUBLEASE TERMINATION.** Upon exercise of the Secured Party's rights and remedies as a result of any Event of Default, or the expiration or other termination of any Sublease, the Master Tenant shall cooperate in any legal or lawful manner necessary or required to permit Secured Party, its successors and assigns, nominee, or a HUD approved replacement operator ("**Successor**") of any affected Healthcare Facility to continue to operate and maintain such Healthcare Facility for the Approved Use in the Master Tenant's or Operator's name, place and stead, including the execution and delivery of such operations transfer documents, provider agreement assignments, and/or interim sublease or management agreements/certifications as may be necessary or appropriate in order that Successor may bill and operate in name of the Master Tenant or Operator pending receipt of a new license in Successor's name and pending the consummation of the assignment of Operator's Medicare [and if applicable, Medicaid] provider agreements. For this purpose, and to the extent not prohibited by applicable law with respect to the Healthcare Facility Assets, the Master Tenant irrevocably appoints Secured Party, its successors and assigns, as the Master Tenant's true and lawful attorney-in-fact, to do all things necessary or required by the State in which the Project is located or any other government entity with jurisdiction over the Project, including, but not limited to, the provision of any and all information and data, the payment of fees and other charges, and the execution of documents, all in the name of the Master Tenant. This power is coupled with an interest and is irrevocable.

**16. INTEREST.** Any amounts payable by the Master Tenant under this Agreement bear interest at the lesser of (i) the rate of interest provided in the Note or (ii) the maximum rate permitted by Program Obligations or applicable law, from the date on which such amounts are payable under this Agreement until the date on which such payments are made by the Master Tenant to the Secured Party; however, nothing in this Agreement will be deemed to give to the Master Tenant the right to withhold payment in consideration of the payment of such interest.

**17. DELIVERY OF NOTICES.** All notices must be in writing and sent (a) in person, (b) by certified or registered mail or (c) by overnight delivery carrier for next or second day delivery in each case to the address listed in the opening paragraph of this Agreement (or if notice of a new address is given in accordance with this Agreement, the new address). Notice given in any other manner will not be considered delivered or given unless and until actually received. A notice period will start (i) if mailed, three (3) business days after notice was sent by certified or registered mail, (ii) the next or second business day after being delivered to a recognized overnight courier service, with arrangements for payments of respective delivery charges and (iii) the day the notice was delivered in person. Notwithstanding the foregoing, if

applicable law requires or permits a particular method of notice in order to enforce the assignment of leases and/or rents hereunder, then a notice given in compliance therewith shall also be deemed effective.

**18. REVIVAL OF SECURITY INTEREST.** If the Master Tenant makes a payment or payments to the Secured Party (or the Secured Party receives any payment or proceeds of the Collateral) that are subsequently voided, avoided, set aside, annulled, or disregarded under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of the payment or proceeds received, the Obligations or part intended to be satisfied will be revived and will continue in full force and effect as if these payment(s) or proceeds had not been received by the Secured Party, and the security interest granted herein shall be enforceable as to such Obligations as fully as if such payments had never been made.

**19. CLAIMS AGAINST SECURED PARTY.**

(a) Notification. The Secured Party shall not be in default under this Agreement, unless a written notice specifically setting forth the claim of the Master Tenant shall have been given to Secured Party within one hundred eighty (180) days after the occurrence of the event which the Master Tenant alleges gave rise to such claim and the Secured Party does not remedy or cure the default, if any, with reasonable promptness thereafter.

(b) Limitations. In no event, however, shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, for any damages (other than actual, direct, compensatory damages sustained by the Master Tenant as a result of such default), including without limitation, indirect, speculative, consequential or punitive damages, whatever the nature of the breach by the Secured Party of its obligations. In no event shall the Secured Party be liable to the Master Tenant, or to any other party claiming through the Master Tenant, unless a written notice specifically setting forth the nature of the claim shall have been given to the Secured Party within the time period specified above.

**20. WAIVERS.**

(a) No act or thing need occur to establish the liability of the Master Tenant hereunder, and no act or thing, except full payment and discharge of all of the Obligations, shall in any way exonerate the Master Tenant or modify, reduce, limit or release the liability of the Master Tenant hereunder.

(b) The Master Tenant will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Master Tenant against any person liable for payment of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

(c) Whether or not any existing relationship between the Master Tenant and the Borrower has been changed or ended and whether or not this Agreement has been terminated, the Secured Party may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Obligations without any consent or approval by the Master Tenant and without

any notice to the Master Tenant. The liability of the Master Tenant shall not be affected or impaired by any of the following acts or things (which the Secured Party is expressly authorized to do, omit or suffer from time to time, both before and after termination of this Agreement, without notice to or consent or approval by the Master Tenant): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Obligations; (ii) any one or more extensions or renewals of Obligations (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Obligations; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Obligations, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Obligations; (iv) any full or partial release of, settlement with, or agreement not to sue any person liable in respect of any Obligations; (v) any discharge of any evidence of Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Obligations or any evidence thereof; (ix) any order of application of any payments of credits upon Obligations; and/or (x) any election by Secured Party under §1111(b)(2) of the United States Bankruptcy Code.

(d) The Master Tenant waives any and all defenses, claims and discharges of any obligor, pertaining to Obligations, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Master Tenant will not assert, plead or enforce against Secured Party any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to any person liable in respect of any indebtedness, or any setoff available against Secured Party to any such person, whether or not on account of a related transaction. The Master Tenant expressly agrees that the Master Tenant shall be and remain liable, to the extent of the Collateral, for any deficiency remaining after foreclosure of any security interest securing the Obligations, whether or not the liability of any obligor for such deficiency is discharged pursuant to statute or judicial decision.

(e) The Master Tenant waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing the Obligations. To the extent of the Collateral, this Agreement constitutes an absolute, unlimited, unconditional and continuing guaranty of payment, not collection. The Secured Party shall not be required first to resort for payment of the Obligations to any persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Obligations, before enforcing this Agreement.

(f) The liability of the Master Tenant under this Agreement is in addition to and shall be cumulative with all other liabilities of the Master Tenant to Secured Party as obligor or otherwise, without any limitation as to amount, and all other liabilities of any other Person who guarantees all or any portion of the Obligations, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.



(g) This Agreement shall be effective upon delivery to Secured Party, without further act, condition or acceptance by Secured Party. Any invalidity or unenforceability of any provision of application of this Agreement shall not affect other lawful provisions and application hereof, and to this end the provisions of this Agreement are declared to be severable.

(h) Master Tenant hereby covenants that this Agreement will not be discharged

(i) except by complete performance of the obligations contained in this Agreement. Master Tenant waives all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of, and reliance on, this Agreement. Master Tenant further waives all (i) notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to Master Tenant or Borrower, or otherwise, (ii) notices that the principal amount, or any portion thereof (and any interest thereon), of the Loan or any of the other Obligations is due, (iii) notices of any and all proceedings to collect from Master Tenant and/or Borrower of all or any part of the Obligations, or from anyone else, (iv), to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Secured Party to secure payment of all or any part of the Obligations, and (v) defenses based on suretyship or impairment of collateral.

## **21. ASSIGNMENT OF LEASES AND RENTS.**

Master Tenant shall execute and record an assignment of leases and rents (form HUD-92334-ORCF) in favor of Lender.

## **22. MISCELLANEOUS.**

(a) This Agreement is intended to be supplemental to and not in substitution or in derogation of any security agreement contained in any other Loan Document.

(b) In any instance where the consent or approval of the Secured Party may be given or is required, or any determination is to be rendered by the Secured Party hereunder, the granting, withholding or denial of such consent or approval and the rendering of such determination shall be made or exercised by the Secured Party at its sole and exclusive option.

(c) It is understood and agreed that no judgment or decree which may be entered on any debt secured or intended to be secured by the Security Instrument shall operate to abrogate or lessen the effect of this Agreement, but that this Agreement shall continue in full force and effect until the payment and discharge of the Obligations.

(d) This Agreement represents the entire agreement between the Secured Party and the Master Tenant with respect to the subject matter of this Agreement and supersedes all previous agreements, negotiations, and understandings with respect to the subject matter of this Agreement. This Agreement may not be amended, altered or changed other than in a writing signed by the Secured Party and the Master Tenant. The Master Tenant's warranties and representations in this Agreement will be treated as being continuing warranties and

representations, made by the Master Tenant with the same effect as though the representations and warranties had been made again on, and as of, each day of the term of this Agreement.

(e) This Agreement may be executed in several counterparts and each counterpart will be considered an original of this Agreement.

**23. RIGHTS OF HUD.**

(a) Master Tenant and Secured Party hereby agree that HUD shall be an additional secured party under this Agreement together with Secured Party, as their interests may appear, and that HUD shall be listed on the UCC Financing Statements to be filed contemporaneously herewith; provided, however, that nothing herein or in the UCC Financing Statements shall require the execution, now or at any future time, of any amendment, extension, or other document by HUD.

(b) To the extent any party herein is required or desires to give notice to HUD hereunder, such notice shall be delivered in accordance with the provisions hereof, as follows: U.S. Department of Housing and Urban Development, c/o Office of Residential Care Facilities, 451 7th Street S.W., Washington, DC 20410. Such notice shall include the FHA project number.

**24. RIDER TO MASTER TENANT SECURITY AGREEMENT.** *[Include this section if the Operator is unrelated to the Borrower and it is otherwise applicable.]* A Rider to Master Tenant Security Agreement is attached hereto. The terms of the Rider are incorporated by reference into this Agreement as if set forth in full at this point.

**IN WITNESS WHEREOF**, the Master Tenant and the Secured Party have signed this Agreement as of the date in the first paragraph of this Agreement.

**THE MASTER TENANT:**

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**THE SECURED PARTY:**

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO MASTER TENANT SECURITY AGREEMENT**

Legal Description of Land for Healthcare Facility

## **EXHIBIT B TO MASTER TENANT SECURITY AGREEMENT**

All of the following described property and interests in property, whether now in existence or hereafter arising, and relating to, situated or located on or used or usable in connection with the maintenance and/or operation of the property described in Exhibit A (hereafter referred to as the “**Land**”):

(a) All fixtures, furniture, equipment and other goods and tangible personal property of every kind and description whatsoever now or hereafter located on, in or at the Land, including, but not limited to, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, radiators, motors, furnaces, compressors and transformers; all power generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment, and fixtures, fans and switchboards; all telephone equipment; all piping, tubing and plumbing equipment and fixtures; all heating, refrigeration, air-conditioning, cooling, ventilating, sprinkling, water, power, waste disposal and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, kitchen and laundry fixtures, utensils, appliances and equipment, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture now or hereafter installed or used or usable in the operation of any part of the buildings, structures or improvements erected or to be erected in or upon the Land and every replacement thereof, accession thereto, or substitution therefor, whether or not all of the above are now or hereafter acquired or attached to the Land in any manner;

(b) All articles of tangible personal property not otherwise described herein which are now or hereafter located in, attached to or used in, on or about the buildings, structures or improvements now or hereafter located, placed, erected, constructed or built on the Land and all replacements thereof, accessions thereto, or substitution therefor, whether or not the same are, or will be, attached to such buildings, structures or improvements in any manner;

(c) All rents, leases and guarantees of leases, subleases and guarantees of subleases, income, revenues, issues, profits, royalties and other benefits arising or derived or to be derived from, or related to, directly or indirectly, the Land, whether or not any of the property described in this item (c) constitutes accounts, chattel paper, documents, general intangibles, instruments or money;

(d) All awards now or hereafter made (“**Awards**”) with respect to the Land as a result of (i) the exercise of the power of condemnation or eminent domain, or the police power, (ii) the alteration of the grade of any street, or (iii) any other injury or decrease in the value of the Land (including but not limited to any destruction or decrease in the value by fire or other casualty), whether or not any of the property described in this item (d) constitutes accounts, chattel paper, documents, general intangibles, instruments, investment property, deposit accounts, or money;

(e) All land surveys, plans, and specifications, drawings, briefs and other work product and other papers and records now or hereafter used in the construction, reconstruction, alteration, repair or operation of the Land;

(f) All licenses, permits, certificates and agreements for the provision of property or services to or in connection with, or otherwise benefiting, the Land and/or the Healthcare Facility, any nursing home license, assisted living facility license, any and all Medicaid/Medicare/TRICARE/CHAMPUS or other governmental insurance provider agreements (“**Provider Agreements**”), and any other license necessary for the provision of services at the Land and/or the operation of the Healthcare Facility. Provided that this Agreement shall be construed as granting to Secured Party a security interest, assigning receivables, giving dominion and control or designating an attorney-in-fact with respect to Government Receivables Accounts or Government Payments to the greatest extent permitted by and not in violation of (i) applicable law, now enacted and/or hereafter amended, and (ii) the Provider Agreements. For purposes herein, “**Government Receivables Accounts**” shall mean separate deposit account(s) into which only Government Payments are deposited, and “**Government Payments**” shall mean a payment from a governmental entity and shall include, without limitation, payments governed under the Social Security Act (42 U.S.C. §§ 1395 et seq.), including payments under Medicare, Medicaid and TRICARE/CHAMPUS, and payments administered or regulated by the Centers for Medicare and Medicaid Services of Department of Health and Human Services.

(g) All funds, monies, securities and other property held in escrow, lock boxes, depository or blocked accounts or as reserves and all rights to receive (or to have distributed to the Master Tenant) any funds, monies, securities or property held in escrow, lock boxes, depository or blocked accounts or as reserves including but not limited to all of Master Tenant’s rights (if any) to any funds or amounts in that certain reserve funds and/or residual receipts accounts created under any regulatory agreement required by the Secretary of Housing and Urban Development or the Federal Housing Administration Commissioner;

(h) All accounts, accounts receivable, general intangibles, chattel paper, instruments, and any rights to payment evidenced by instrument(s), documents, inventory, goods, cash, cash proceeds, bank accounts, deposit accounts, certificates of deposits, securities, insurance policies, letters of credit, letter of credit rights, deposits, judgments, liens, causes of action, warranties, guaranties and all other properties and assets of the Master Tenant, tangible or intangible, whether or not similar to the property described in this item (h). As used herein, the term “**accounts receivable**” shall include (i) all healthcare insurance receivables, including, but not limited to Medicaid and Medicare receivables, Veterans Administration or other governmental receivables, private patient receivables, and HMO 10 receivables; (ii) any payments due or to be made to the Master Tenant relating to the Land or (iii) all other rights of the Master Tenant to receive payment of any kind with respect to the Land;

(i) All books, records and files of whatever type or nature relating to any or all of the property or interests in property described herein or the proceeds thereof, whether or not written, stored electronically or electromagnetically or in any other form, and whether or not such books, records, or files constitute accounts, equipment or general intangibles.

(j) Any and all security or other deposits which have not been forfeited by any tenant under any lease; and

(k) All products and proceeds of any and all of the property (and interests in property) described herein including but not limited to proceeds of any insurance, whether or not in the form of original collateral, accounts, contract rights, chattel paper, general intangibles, equipment, fixtures, goods, securities, leases and guarantees of leases, subleases and guarantees of subleases, instruments, inventory, documents, deposit accounts or cash.

## **EXHIBIT C TO MASTER TENANT SECURITY AGREEMENT**

**Other Names Used by Master Tenant in Previous Five Years** (see Section 3(a) of Agreement):

**Assets Acquired in Bulk Transfer in Previous Five Years** (see Section 3(a) of Agreement):

**Master Tenant's Rights in the Following** (see Section 3(a) of Agreement):

*Investment property:*

*Letters of Credit:*

*Electronic Chattel Paper:*

*Commercial Tort Claims:*

*Instruments (including promissory notes):*

*Deposit Accounts:*

<u>Account Number</u>	<u>Depository Bank</u>	<u>Account Type</u> (e.g., operating or payroll)	<u>Government Receivables Accounts</u> (see note below)
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Note: Designate if deposit account receives deposits of proceeds of accounts from federal, state or local governments (e.g., Medicare and Medicaid), and if so, whether such deposit account is solely for such deposits or whether the deposit account commingles other non-governmental deposits. See Section 3(h) of the Agreement for the Master Tenant's obligations in this regard.



## **RIDER TO MASTER TENANT SECURITY AGREEMENT**

A. Notwithstanding any provision in the Master Tenant Security Agreement (the “Agreement”) to the contrary, upon the occurrence of an Event of Default under the Loan Documents, provided that (i) Master Tenant is not in violation of any of the Tenant Documents or this Agreement; (ii) Master Tenant’s master lease payments continue to be made to the satisfaction of Lender, (iii) Master Tenant is not in violation of any provision of the Master Lease, and (iv) there is no Material Risk of Termination, the Lender, on behalf of itself, and its successors and assigns, agrees that (x) it will not exercise any remedies available to it under Section 9 of the Master Tenant Security Agreement against Master Tenant or the Collateral, and (y) Master Tenant shall retain its rights under the assignment of leases and rents referenced in Section 21 of the Master Tenant Security Agreement to collect Rents and exercise its rights, powers and authority under the Leases. Should an Event of Default under the Loan Documents or Master Lease Documents be subsequently cured, the Master Tenant’s rights to collect Rents and to exercise its rights, powers and authority under the Leases shall be reinstated.

B. Should the Lender, its successors or assigns, whether through judicial or non-judicial foreclosure, public or private sale, deed or assignment in lieu of foreclosure, or otherwise, take title to the Land, Improvements and/or other assets of any Borrower (including any Borrower’s rights as landlord under the Master Lease), provided the subject Healthcare Facility remains in operation and the Master Tenant is not in violation of any of the Tenant Documents or this Agreement, the Lender and its successors and assigns agree that the term “Obligations” in the Master Tenant Security Agreement shall be limited to that portion of the definition set forth in subsection 1(b)(2).

C. Furthermore, Lender agrees that so long as the Master Tenant is not in violation of any of the Tenant Documents or this Agreement, to the extent Operator or Master Tenant has (i) funded Escrowed Funds, tax and/or insurance impounds, and (ii) provided written notice to Lender that Operator or Master Tenant has funded or is funding such amounts and provides such confirmations and evidence thereof as maybe requested by Lender promptly upon demand by Lender, Lender, on behalf of itself, its successors or assigns, will permit withdrawals by, or utilization of such funds by or on behalf of Operator or Master Tenant for their intended purpose. The provisions of this Paragraph C shall supersede any set-off or lien rights of the Lender under Section 1(c) of the Master Tenant Security Agreement.

D. Upon indefeasible payment in full of the Loan, as determined by Lender, in its sole discretion, and written request by the Master Tenant to do so, Lender agrees to promptly release its lien on the Collateral.

E. To the extent there is an inconsistency between the provisions of this Rider and the provisions of the Master Tenant Security Agreement, the provisions of this Rider shall be controlling.

Master Tenant certifies that no individual with a financial interest in Master Tenant (direct or indirect, including without limitation any individual with an interest in an entity that has a direct

or indirect financial interest in Master Tenant) has, a financial interest in Borrower (direct or indirect, including without limitation any individual with an interest in an entity that has a direct or indirect financial interest in Borrower), except as specifically identified to and approved in writing by HUD for the specific purpose of using this Rider. Master Tenant shall remake such certification at (i) within seven (7) days after request by Lender or HUD, and (ii) at any time that Master Tenant seeks to enforce its rights under this Rider and if Master Tenant does not make such certification at such time, or HUD otherwise determines in its sole discretion, that such certification is false or inaccurate, this Rider shall be of no force or effect.

“Material Risk of Termination” for purposes of this Rider shall be deemed to occur when any of the applicable Permits and Approvals material to the operation of the Healthcare Facility is at substantial and imminent risk of being terminated, suspended or otherwise restricted in such a way that such termination, suspension or restriction would have a materially adverse effect on the operation of the Healthcare Facility, including without limitation, HUD’s determination that there is a substantial risk that deficiencies identified by applicable state and/or federal regulatory and/or funding agencies cannot be cured in such manner and within such time periods as would avoid the loss, suspension, or diminution of any Permits and Approvals that would have a materially adverse effect on the Project.

“**Tenant Documents**” for purposes of this Rider shall mean this Agreement, the Master Tenant Regulatory Agreement, the Operator Regulatory Agreement and the Operator Security Agreement.