

ATTACHMENT 1

(ASSET PURCHASE AGREEMENT)

ASSET PURCHASE AGREEMENT

between

CEDAR HAVEN ACQUISITION, LLC
as Seller

and

ALLAIRE HEALTH SERVICES, LLC
or its designees, as Purchaser

January 15, 2019

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "Agreement"), dated as of January 15, 2020, is between **CEDAR HAVEN ACQUISITION, LLC**, a Delaware limited liability company ("Seller"), and **ALLAIRE HEALTH SERVICES, LLC**, a New Jersey limited liability company, or its designees and affiliates ("Purchaser"). Seller and Purchaser are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS:

A. Seller is the tenant and operator of the skilled nursing facility known as Cedar Haven Healthcare Center ("Facility");

B. The Facility is duly licensed by the applicable authorities of the Commonwealth of Pennsylvania ("State"), and is duly certified under the Medicare and Medicaid Programs;

C. On August 2, 2019 (the "Petition Date"), the Seller filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court;

D. In connection with the Bankruptcy Case and following the entry of the Sale Order determining Purchaser to be the successful bidder, this Agreement provides for the sale by Seller to Purchaser of the Transferred Assets (as defined herein) associated with the Facility, pursuant to the terms hereof and the Sale Order;

E. Seller believes, following consultation with its advisors and consideration of its available alternatives, that in light of the current circumstances, a sale of all or substantially all of its assets to Purchaser on the terms set forth herein is necessary to maximize value and is in the best interests of Seller, their respective estates, creditors and parties-in-interest;

F. Concurrent with the closing of the transactions contemplated hereunder, Purchaser may assign to an Affiliate certain rights and obligations hereunder with respect to the Transferred Assets and operational matters; and

G. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them on Exhibit A hereto, which is incorporated into this Agreement as if set forth herein in full.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Purchase and Sale of Transferred Assets.

(a) Subject to the terms and conditions of this Agreement and the Sale Order, and in consideration of, among other things, the payment of the Purchase Price, at the Closing, other than the Excluded Assets, Seller will sell, assign and transfer to Purchaser, as applicable, all of Seller's right, title and interest in and to the following assets (collectively, the "Transferred Assets"), free and clear of all Liens and Liabilities, except (i) statutory Liens not yet delinquent or (ii) as otherwise specifically provided herein (such exceptions, collectively, "Permitted Liens") and the Assumed Liabilities:

(i) all tangible assets, whether owned or leased by Seller and used in connection with the Facility, including but not limited to, all hard assets, furniture, fixtures, equipment, instruments,

supplies, inventory, vehicles, artwork, leasehold improvements, phone systems, computer hardware, databases, machinery, tools (and related repair and maintenance records), and all other tangible personal property used in the operation of and located at the Facility owned or leased by Seller (collectively, the “Tangible Personal Property”);

(ii) all rights of Seller under those executory contracts described on Schedule 1(a)(ii) (collectively, the “Transferred Contracts”), provided that the Purchaser shall have the right up until the Closing, to (a) remove executory contracts from the list of executory contracts to be assumed and assigned to Purchaser, as identified on Schedule 1(a)(ii), and (b) add additional executory contracts to the list of executory contracts to be assumed and assigned to the Purchaser, as identified on Schedule 1(a)(ii);

(iii) all rights of Seller under the lease of real property described on Schedule 1(a)(iii) (the “Assumed Lease”);

(iv) all patient and prospect lists (including, without limitation, all books, records and other materials, in hard copy and electronic format, that are in the possession of any Person that performs marketing services on behalf of Seller), marketing information, computer software and software licenses, telephone and fax numbers, telephone listings, email addresses and domain names used by the Facility;

(v) all transferable licenses, transferable permits and other transferable governmental approvals or authorizations which are used, or may be used, in connection with the Facility (including, without limitation, any authorizations to participate in any state or federal reimbursement program such as Medicaid or Medicare in accordance with Section 6 below), whether issued or granted by any Governmental Authority or by any other Person, and all operating, license and certification rights with respect to the Business (except as otherwise provided in Section 6 below) in each case to the extent assignable to, or assumable by, Purchaser pursuant to applicable Law;

(vi) all transferable third-party warranties and claims for warranties relating to the Facility or the Transferred Assets, together with the obligations and liabilities related thereto (collectively, the “Warranties”);

(vii) any know-how or intellectual property rights used or held for use in connection with the operation of the Facility and all goodwill associated with the Facility;

(viii) for each Hired Employee, and subject to applicable law and the provisions hereof, all employee employment applications, W-4’s and I-9’s;

(ix) all assignable or transferable goodwill relating to or arising in connection with the ownership or operation of the Business and the Facility, including, without limitation, lists of residents and suppliers, correspondence, purchase orders, market surveys, and mailing lists;

(x) all deposits, trade accounts receivable, reimbursements, Third-party Payor funds and other amounts due solely with respect to the period after the Effective Time;

(xi) all agreements with then current patients and residents of the Facility as of the Effective Time (including individuals temporarily not in occupancy) regarding admission and residency at the Facility (the foregoing items 1(a)(v) through 1(a)(x), collectively, the “Intangible Personal Property”, and together with the Tangible Personal Property, the “Property”);

(xii) all of Seller’s rights, claims, causes of action and avoidance claims under Chapter 5 of the Bankruptcy Code (whether or not asserted as of the Closing Date) to the extent they relate to vendors, employees, landlords, suppliers, customers and other counterparties of Seller following the Closing

Date that relate to any of the Transferred Assets, or the operation of the Business at the Facility (the “Avoidance Actions”). Notwithstanding the foregoing, and for the avoidance of doubt, any Avoidance Action belonging to Seller against any of Seller’s Affiliates, officers, directors, members or managers shall not constitute a Transferred Asset.

(xiii) all other assets of Seller relating to or used in connection with the Business or the Facility that are not Excluded Assets.

(b) Pursuant to the Sale Order, the Transferred Assets shall be sold and conveyed to Purchaser free and clear of all Liens (other than Permitted Liens) and Liabilities (other than Assumed Liabilities), including any and all claims that Purchaser is a successor, transferee or continuation of Seller. The Term “Transferred Assets” shall not include the following (collectively, the “Excluded Assets”):

(i) All cash and cash equivalents and short term investments;

(ii) All accounts receivable of Seller representing amounts payable to Seller for services rendered to Residents and former residents, or items or goods sold to Residents, former residents or others, in each case prior to the Effective Time (“Accounts Receivable”) including (i) amounts due Seller on account of audits or appeals of audits, rate adjustments, reconciliations and other recoupments with any Third Party Payor or Governmental Authority; (ii) without limiting the foregoing, all claims, rights, interests and proceeds (whether received in cash, by credit to amounts otherwise due to a third party or any other proceeds) with respect to amounts overpaid by Seller to any third party with respect to periods prior to the Effective Time; and (iii) without limiting the foregoing, any receipts (x) relating to Seller’s cost reports or rights to settlements and retroactive adjustments on the same (whether resulting from an appeal by Seller or otherwise) with respect to time periods prior to the Effective Time, or (y) that result from Seller’s pursuit of one or more appeals pertaining to a Governmental Authority reimbursement program;

(iii) All notes receivable, capital stock, rights to any security deposits and any impound, escrow or reserve deposits under the Assumed Lease, Tax refunds for tax periods prior to the Effective Time and claims under insurance policies obtained by or for the benefit of Seller;

(iv) Seller’s Tax returns for periods up to and including the Effective Time and all rights of Seller to any recoveries or refunds in respect of Taxes for periods up to and including the Effective Time, whether or not any refund of or credit for claims have been filed prior to the Effective Time;

(v) all insurance policies of Seller or any of its Affiliates (including, without limitation, any officer and director insurance policies and any tail policies) and all rights of every nature and description under or arising out of such insurance policies, including the right to make claims thereunder, to the proceeds thereof and to any insurance refunds relating thereto;

(vi) All claims or rights of Seller with and among any Affiliate or amounts due to Seller from Affiliates;

(vii) The minute books and ownership records of Seller, all Seller organizational documents, stock registers, and such other records of Seller as they pertain to the ownership, organization, or existence of Seller and duplicate copies of such records;

(viii) All assets of Seller not related to the Transferred Assets or the Facility; and

(ix) All of the rights of Seller under this Agreement and all Transaction Documents.

2. Purchase Price.

(a) In consideration of the purchase and sale of the Transferred Assets, on the Closing Date, the Purchaser shall pay to the Seller an aggregate purchase price of One Million Dollars (\$1,000,000.00) (the "Purchase Price"), in addition to the assumption of the Assumed Liabilities and the Hired Employees PTO Benefits, which shall be paid in immediately available funds at Closing as hereinafter provided, subject to the prorations and adjustments set forth herein.

(b) To the extent necessary for tax purposes, the Parties shall reach agreement on a schedule allocating the Cash Consideration as between the Transferred Assets. The Parties agree to execute such documents as may be required for reporting and tax purposes hereunder consistent with the terms of such schedule and the requirements of applicable law. Neither Party will submit any tax filing inconsistent with the agreed allocation of Purchase Price.

3. Deposit. Purchaser has deposited with Seller the sum of One Hundred Thousand Dollars (\$100,000.00) (the "Deposit"), which is held by Seller in a segregated account. Upon Closing of the transactions contemplated under this Agreement, the Deposit shall be applied against the Purchase Price. In the event that this bid is not selected as the Successful Bid, then the Deposit shall be returned to the Purchaser no later than three business days after the Alternative Transaction Closing Date.

4. Assumed Liabilities. Notwithstanding any other provision hereof to the contrary and subject to the Sale Order, the Transferred Assets shall be sold free and clear of all Liabilities, Liens and title defects, except for Permitted Liens and except for (i) Cure Costs relating to any Transferred Contracts, (ii) Liabilities and all of Seller's obligations with respect to events or periods after the Effective Time under the Transferred Contracts; (iii) Liabilities and all of Seller's obligations with respect to events or periods after the Effective Time under the Assumed Lease, and (iv) such other obligations and Liabilities expressly assumed by Seller pursuant to any other section of this Agreement, all of which Purchaser shall expressly assume pursuant to the Sale Order and Assignment and Assumption Agreement (the "Assignment and Assumption Agreement").

5. Excluded Liabilities. Other than the Assumed Liabilities, Purchaser shall not assume from Seller any Liabilities whatsoever (the "Excluded Liabilities"), including without limitation:

(a) malpractice, professional liability or other tort claims, statutory or regulatory claims, claims of local, state or federal agencies whether civil or criminal, fraud-based claims or claims for breach of contract to the extent any such claims are based on acts or omissions of Seller or events occurring at the Facility before the Effective Time;

(b) claims related to Provider Agreements or managed care plans which relate to or arise from the acts, obligations or omissions of Seller for dates of service prior to the Effective Time;

(c) any accounts payable, taxes, or other obligation or Liability of Seller to pay money incurred by Seller for periods prior to the Effective Time;

(d) any collective bargaining agreements or other agreements or understandings with any labor union or collective bargaining unit or any employment or consulting agreements of any kind and any Liabilities arising from any pension fund or benefits programs;

(e) Cure Costs relating to any Excluded Contract;

(f) any administrative expense Claims accruing in the Bankruptcy Cases;

(g) Liabilities or obligations of Seller arising under any Excluded Contract;

(h) Liabilities or obligations of Seller arising under any and all employment and change of control contracts, severance obligations, equity option contracts and equity purchase contracts to which Seller is a party other than any Liability arising pursuant to any Transferred Contract;

(i) Liabilities or obligations in connection with any indebtedness of Seller, except pursuant to any Transferred Contract or other Assumed Liability;

(j) other than Cure Costs related to the Transferred Contracts, all pre-petition and post-petition Claims as of the Closing Date, including, without limitation, all trade payables and general unsecured Claims;

(k) Liabilities in connection with the Excluded Contracts;

(l) any Liability arising out of, under or in connection with the Excluded Assets;

(m) all Liabilities relating to (including amounts or notice due to) employees, former employees, consultants, former consultants or retirees of Seller based on the termination of such employment or engagement by the Seller, including any amounts due to such Persons and any Liability relating to the WARN Laws;

(n) any Liability that is not an Assumed Liability; and

(o) other than Cure Costs related to the Transferred Contracts, any other Liabilities arising in whole or in part from Seller's acts or omissions or in any way related to the operations of the Facility prior to the Effective Time.

6. Provider Agreements; Interim Billing.

(a) As of the Closing Date and to the extent permitted by applicable Law, Seller shall transfer any and all of Seller's rights and interests in and to Seller's Medicare provider numbers and Medicare provider reimbursement agreements, and Purchaser shall have the right, but not the obligation, to acquire any and all of Seller's rights and interests in and to Seller's Medicaid provider numbers and Medicaid provider reimbursement agreements. Each Party shall provide commercially reasonable assistance to the other Party with regard to such transfer. The Parties acknowledge and agree that Purchaser is not expected to have received its "tie in" notice from CMS with respect to Seller's Medicare provider agreements or any new Medicare or Medicaid provider agreements (collectively, the "Provider Agreements") as of the Closing Date. Prior to Purchaser's receipt of its tie in notice and Provider Agreements, so long as Purchaser is accepting transfer of the Medicare Provider Agreement and is utilizing commercially reasonable efforts to become the certified Medicare and/or Medicaid provider, as applicable, at the Facility, Seller agrees that Purchaser may bill for services performed following the Closing under Seller's Medicare and/or Medicaid provider number, as applicable, to the extent permitted by applicable Law.

(b) The Parties acknowledge and agree that Seller's managed care provider plans and agreements with other Third-party Payors are not expected to have been updated with Purchaser's provider information as of the Closing Date. From and after the Closing Date and upon the earlier of (i) six (6) months after the Closing Date, or (ii) until such managed care provider plans and agreements with other Third-party Payors are updated with Purchaser's provider information, Seller agrees that Purchaser may bill for services provided following the Closing under Seller's managed care provider plans and agreements with other Third-party Payors identified on Schedule 6(b) hereto, using Seller's provider information to the extent permitted by applicable Law and the terms and conditions of the plans and agreements with the Third-party Payors.

(c) Any reimbursements from Medicare or Medicaid billed by Purchaser for dates of service after the Closing Date which are paid into Seller's accounts shall be forwarded by Seller to Purchaser

in accordance with Section 9 hereof and Purchaser shall be responsible for all Liabilities arising out of any billings made by Purchaser pursuant to Section 6(a) and (b). Purchaser shall indemnify and hold harmless Seller from and against any and all Losses arising out of or relating to the Provider Agreements for any dates of service following the Closing, including, without limitation, any billings made by Purchaser pursuant to Section 6(a) or (b). For the avoidance of doubt, Purchaser shall not be responsible for Losses arising out of or relating to the Provider Agreements for any dates of service prior to the Closing.

(d) Schedule 6(d) attached hereto lists all of the Facility' Third-party Payor contracts.

7. Transfer of Resident Trust Funds and Deposits.

(a) At the Closing, Seller shall deliver to Purchaser a true, correct and complete schedule of all trust funds held by Seller as of the most recent date available prior to the Effective Time for any current resident of the Facility (collectively, the "Resident Trust Funds") and deposits or prepayments paid by or for any resident of the Facility (collectively, the "Resident Deposits").

(b) At the Closing, Seller shall transfer the Resident Trust Funds and Resident Deposits to Purchaser, and Purchaser shall accept, the Resident Trust Funds and Resident Deposits in trust for the residents, in accordance with applicable statutory and regulatory requirements. Within ten (10) Business Days after the Closing Date, Seller and Purchaser shall prepare a final schedule of the Resident Trust Funds and Resident Deposits and thereafter reconcile the Resident Trust Funds and Resident Deposits transferred from Seller to Purchaser.

8. Employees.

(a) Attached as Schedule 8(a) is a list (the "Employee Schedule") which reflects, in all material respects as of the most recent available date all of Seller's employees providing services to the Facility, whether full time or part time (the "Facility Employees").

(b) Prior to the Closing, Seller shall provide Purchaser access to the Facility and Facility Employees to permit Purchaser to discuss potential employment of any Facility Employees by Purchaser, pursuant to Purchaser's standard employment policies and criteria. Seller shall, as of the Effective Time, terminate the employment of all Facility Employees. Without Seller's prior consent, Purchaser shall not deliver any written communications to, or hold any group meetings with, any Facility Employee for the purpose of addressing or discussing the transactions contemplated herein.

(c) Purchaser shall offer to hire at least a number of Facility Employees sufficient not to trigger notice requirements under the WARN Laws. For the purposes of this Agreement, Facility Employees shall include any employees who are on medical disability or leaves of absence and who worked at the Facility immediately prior to such disability or leave who are able to perform the essential functions of the position with or without a reasonable accommodation, and who are qualified for the position.

(d) Purchaser shall hire at the Effective Time, and at least five (5) Business Days before the Closing shall provide Seller with a schedule of, each Facility Employee who receives an offer of employment and elects to accept employment with Purchaser in accordance with the terms of Section 8(c) (all of such employees who accept employment with Purchaser being herein called the "Hired Employees").

(e) Seller shall be responsible for the payment to Facility Employees of any salaries, wages, benefits or other amounts due and payable or accrued under applicable law and/or the policies and procedures of Seller for periods prior to and at the Effective Time and shall timely pay to all applicable Governmental Authorities all employment-related taxes due with respect to Facility Employees for periods before the Effective Time, including Transferors' share of all FICA, state and federal unemployment taxes and workers' compensation insurance premiums. Seller shall provide at least two (2) days prior to the Closing a

schedule setting forth, for each Hired Employee as of such date, the amount of all earned and accrued vacation, personal and sick pay and earned or accrued bonuses inclusive of all FICA, withholding, unemployment, worker's compensation or similar taxes and charges in connection with the foregoing (the "Hired Employees PTO Benefits"). At the Closing, Seller shall provide Purchaser with a credit against the amount of the Purchase Price of the Hired Employees PTO Benefits. Purchaser shall assume the obligations to provide and/or pay such Hired Employees the amount of Hired Employee PTO Benefits applicable to each Hired Employee.

(f) Nothing in this Agreement shall create any rights in favor of any Person not a party hereto, including the Facility Employees, or constitute an employment agreement or condition of employment for any employee of Seller or Purchaser or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by Purchaser of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and Purchaser shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of Seller or its Affiliates.

(g) As of the Effective Time, all Hired Employees who, immediately prior to the Effective Time, participated in group health insurance coverage sponsored by Seller, shall be eligible for participation in a group health plan (as defined for purposes of Internal Revenue Code Section 4980B) established and maintained by Purchaser. Purchaser shall take such action as is necessary to provide that all such Hired Employees shall be eligible to be covered without a waiting period and without regard to any pre-existing condition unless they (i) are under a waiting period with Seller at the Effective Time, in which case they shall be required to complete their waiting period while under Purchaser's plan or in accordance with the terms of Purchaser's benefit plan, or (ii) were subject to a pre-existing condition exclusion while under Seller's group health plan, in which case they shall be subject to the same exclusion while in Purchaser's group health plan or in accordance with the terms of Purchaser's benefit plan, which exclusion shall, if applicable, be subject to the same time limitation while the Hired Employees are in Purchaser's employ as was applicable thereto while the Hired Employees were in Seller's employ, with the time limit calculated from the date the same commenced while said employees were in Seller's employ.

9. Accounts Receivable.

(a) Seller shall retain its right, title and interest in and to all unpaid accounts receivable with respect to the Facility that relate to all periods on or prior to the Effective Time (defined above as "Accounts Receivable"). Purchaser shall have all right, title and interest in and to accounts receivable that relate to periods after the Effective Time. With respect to the post-Closing billing practice to be applied with respect to Accounts Receivable due to Seller from private pay, managed care and long term care insurance patients after the Effective Time, Seller shall prepare and send to the appropriate responsible parties for such patients bills for all periods up to and including the Effective Time, with instructions to send payment directly to Seller, with said payment payable to Seller or such other party as Seller directs. The Parties acknowledge that: (A) Seller may contact its Medicaid intermediary, Medicare intermediary, the applicable State agency or any other Third-party Payor to remit payment directly to Seller for services rendered on or prior to the Effective Time, and (B) after the issuance to Purchaser of the "tie-in notices" from CMS, Purchaser may contact its Medicaid intermediary, Medicare intermediary, the applicable State agency or any other Third-party Payor to remit payment directly to Purchaser for services rendered after the Effective Time; provided, however, that the Parties shall coordinate and cooperate with each other regarding such notification so as to avoid any conflicting or confusing payment instructions.

(b) To the extent that Purchaser receives payment for Accounts Receivable (i.e., those receivables to which Seller is entitled), Purchaser shall hold the same in trust for Seller and shall pay it to Seller as more specifically described below. To the extent that Seller receives payment for accounts receivable to which Purchaser is entitled pursuant to this Agreement, Seller shall hold the same in trust for Purchaser and shall pay it to Purchaser as more specifically described below:

(i) if payments received by Purchaser are paid pursuant to a voucher, check or other negotiable instrument containing: (A) Seller's Medicaid provider numbers, together with specific indications that the delivery of services relating to such payment was on or prior to the Effective Time (B) Seller's Medicare provider numbers, together with specific indications that the delivery of services relating to such payment was on or prior to the Effective Time, (C) any other payor or provider number issued to Seller, and/or (D) specific reference to dates of service on or prior to the Effective Time, Purchaser shall not cash or deposit such payments in any Purchaser account and shall instead promptly forward such payments to Seller within five (5) Business Days of receipt of same;

(ii) if payments received by Seller are paid pursuant to a voucher, check or other negotiable instrument containing: (A) Purchaser's Medicaid provider number, (B) Seller's Medicare provider number, together with specific indications that the delivery of services relating to such payment was after the Effective Time, (C) any other payor or provider number issued to Purchaser, and/or (D) specific reference to dates of service after the Effective Time, Seller shall not cash or deposit such payments in any Seller's account and shall instead promptly forward such payments to Purchaser within five (5) Business Days of receipt of same;

(iii) if the accompanying remittance does not satisfy the requirements of Section 9(b)(i) or (ii) above but the Parties agree that the payments relate solely to services provided on or prior to the Effective Time: (A) in the event that such payments are received by Purchaser, Purchaser shall remit such payments to Seller within five (5) Business Days of receipt of same, and until so forwarded, shall be held in trust for the benefit of Seller, and (B) in the event that such payments are received by Seller, Seller shall retain the payments;¹

(iv) if the accompanying remittance advice does not satisfy the requirements of Section 9(b)(i) or (ii) above but the Parties agree that the payments relate solely to services provided after the Effective Time: (A) in the event that such payments are received by Purchaser, Purchaser shall retain the payments, and (B) in the event that such payments are received by Seller, Seller shall promptly remit such payments to Purchaser within five (5) Business Days of receipt of same, and until so forwarded, shall be held in trust for the benefit of Purchaser; and

(v) if the accompanying remittance advice does not indicate the period to which a payment relates or if there is no accompanying remittance advice, the Parties shall in good faith attempt to agree on the disposition of such payment. If the Parties are unable to agree on the disposition of such payment, then: (1) all such payments which are received within the period commencing on the Effective Time and through the date ninety (90) days after the Effective Time shall be applied, first, against the outstanding Account Receivable due from such payor to Seller, and, second, against the outstanding account receivable due from such payor to Purchaser, and (2) all such payments which are received after the date which is ninety (90) days after the Effective Time shall be applied, first, against the outstanding account receivable due from such payor to Purchaser, and, second, against the outstanding Account Receivable due from such payor to Seller.

(c) Purchaser and Seller shall promptly forward to the other Party any and all remittance advices, explanation of benefits, denial of payment notices and all other correspondence received by the Party that relate to services provided by the other Party. On the tenth day of each month until the first anniversary of the Effective Time, Purchaser shall provide to Seller a monthly reconciliation (the "Receipts Report") for Seller's review, together with a copy of the remittance advice received by Purchaser from any third-party intermediary, and other documentation as reasonably requested by Seller, with respect to all of Seller's accounts receivable due to Seller from Medicare, Medicaid or other Third-party Payor (including amounts owed as a result of payor adjustments or cost report settlements). The Receipts Reports shall be sent by Purchaser to Seller on the tenth day of every month (in respect of the immediately prior month) until the first anniversary

¹ NTD: See note above regarding Stone Barn.

of the Effective Time and thereafter as Seller may reasonably request, but not more often than quarterly. Seller may, at its own cost, verify the Receipt Reports. Seller shall reserve the right to contest or dispute with any Third-party Payor any statement of disallowance, denial or refusal to remit payment by such Third-party Payor relating to accounts receivable due to Seller. To the extent applicable, Seller shall provide Purchaser with similar Receipts Reports in respect of Purchaser's accounts receivable.

(d) Purchaser shall provide written notice to Seller promptly upon receipt of any information from a Third-party Payor regarding any disallowance, denial or refusal to remit payment, in whole or in part, regarding any account receivable due to Seller. Seller shall provide written notice to Purchaser promptly upon receipt of any information from a Third-party Payor regarding any disallowance, denial or refusal to remit payment, in whole or in part, regarding any account receivable due to Purchaser. Nothing herein shall be deemed to limit in any way either Party's rights and remedies to recover accounts receivable due and owing to such Party by Medicare, Medicaid, or third parties under applicable law; provided, however, that: (i) Seller shall not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned, settle or otherwise compromise its right, title and interest in and to unpaid accounts receivable in a manner that impacts, effects, diminishes or otherwise interferes with Purchaser's right, title and interest in and to unpaid accounts receivable with respect to services provided at the Facility by Purchaser after the Effective Time, and (ii) Purchaser shall not, without the prior written consent of Seller, which consent shall not be unreasonably withheld, delayed or conditioned, settle or otherwise compromise its right, title and interest in and to unpaid accounts receivable in a manner that impacts, effects, diminishes or otherwise interferes with Seller's right, title and interest in and to unpaid accounts receivable with respect to services provided at the Facility by Seller on or prior to the Effective Time.

(e) If any payment hereunder was misapplied by the Parties, the Party which erroneously received said payment shall remit the same to the other within ten (10) Business Days after said determination is made.

(f) For a period of eighteen (18) months after the Effective Time, Purchaser and Seller shall, upon reasonable notice and during normal business hours, have the right to inspect, at its own cost and with reasonable staff assistance during normal business hours, that limited portion of the cash receipts and other books and records or copies thereof (including, without limitation, bank statements) of the other Party as the requesting Party may reasonably deem necessary to prepare the requesting Party's bills, verify balances of the other respective Party or confirm the other Party's compliance with the obligations imposed on it under this Section.

(g) If either Party fails to forward to the other Party any payment received by such Party in accordance with the terms of this Section 9 within ten (10) Business Days of demand therefor, the other Party shall be entitled (among all other remedies allowed by law and this Agreement) to interest on the unpaid amount at the prime rate (as reported in *The Wall Street Journal* or other similar publication), plus three percent (3%) per annum from the date which is five (5) Business Days after the demand until the date paid, together with all reasonable attorney's fees and other costs of collection. The payment of any interest or fees imposed under this Section 9(g), if any, shall be made together with the underlying payment therefor

(h) The obligations of the Parties to forward the accounts receivable payments pursuant to this Section 9 are absolute and unconditional and irrespective of any circumstances whatsoever which might constitute a legal or equitable discharge, offset, counterclaim or defense of the Parties.

10. Prorations.

(a) At the Closing and for the billing period in which the Effective Time occurs, all expenses and income arising from the conduct of the business of the Facility in the ordinary course, including, without limitation, patient care revenue, trade payables, telephone expenses and utility charges, real and personal property Taxes attributable to the Facility, including any such items held in escrow (all such income and

expenses to be referred to herein as the “Prorated Items”), shall be apportioned between Seller and Purchaser as of the Effective Time, it being the agreement of the Parties that Seller shall be entitled to and responsible for all revenue, expenses and similar obligations arising from the operation of the Facility on or prior to the Effective Time and Purchaser shall be entitled to and responsible for all revenue, expenses and similar obligations arising from the operation of the Facility after the Effective Time, except, in each case, as otherwise expressly set forth herein. This provision shall be implemented by Purchaser or Seller, as the case may be, remitting to the other any invoices for Prorated Items that it receives that reflect a service date for which the other Party is responsible and by Seller or Purchaser, as applicable, assuming responsibility for the payment of any invoices for Prorated Items that reflect a service date for which it is responsible with any overage or shortage in payments by either Party to be adjusted and paid as provided in Sections 10(b) and (c).

(b) All such prorations shall be made on the basis of actual days elapsed in the relevant accounting, billing or revenue period and shall be based on the most recent information available to Seller. Utility charges which are not metered and read for the Closing shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

(c) To the extent possible and based on reasonable estimates, the Parties shall make all prorations at the Closing. All amounts owing from one Party hereto to the other Party hereto that require adjustment after the Closing shall be settled within sixty (60) days after the Closing Date or, in the event the information necessary for such adjustment is not available within said sixty (60) day period, then as soon thereafter as practicable.

(d) All prorations to be made at Closing shall be effected through adjustment of the Purchase Price.

11. Access to Records.

(a) All: (i) resident records, minimum data sets, care plans, therapy records, pharmacy records, clinical patient trust account records and admission agreements (the “Patient Care Records”) for the period prior to the Effective Time; and (ii) business records relating to the operation of the Facility, including maintenance records, employment records for Hired Employees, including employment applications and W-9 Forms; and Governmental Authority compliance records (including surveys and plans of correction) for the period prior to the Effective Time (the “Operations Records”) shall be delivered by Seller to Purchaser on the Closing Date (by leaving such Patient Care Records and Operations Records at the Facility); provided, however, that Seller may retain copies, at Seller’s expense, of such Operations Records and Patient Care Records as Seller may deem reasonably necessary.

(b) Subsequent to the Effective Time, Purchaser shall allow Seller and its agents and representatives to have reasonable access to (upon reasonable prior notice, during normal business hours), and to make copies of, at Seller’s expense, the Patient Care Records and Operations Records and supporting material, to the extent reasonably necessary to enable Seller to investigate and defend any claim (to include, without limitation, employee and patient claims), to file or defend tax returns and to verify payments, adjustments or allocations provided by this Agreement, confirm proper payments from payers and defend or pursue any disputes with payers and subject, in each case, to requirements of applicable law regarding privacy and security of certain health-related information.

(c) Each of Purchaser and Seller shall, upon reasonable notice to the other, be entitled to remove the originals of any Patient Care Records and Operations Records and supporting material of the Facility relating to any period prior to, on or after the Effective Time in the possession of the other, for purposes of litigation involving a resident or employee to whom such record relates, if an officer of a court of competent jurisdiction or agency official certifies that such original must be produced in order to comply with applicable Law or the Order of a court of competent jurisdiction in connection with such litigation, and the requesting Party, at the requesting Party’s cost and expense and as a condition precedent to receiving such original record,

shall provide the requested Party with a complete copy of such records prior to its removal. Any record so removed shall promptly be returned to the requested Party following its use. The Parties agree that Seller shall be deemed the custodian of all Patient Care Records and Operations Records for the period on or prior to the Effective Time, and Purchaser shall be deemed the custodian of all Patient Care Records and Operations Records for the period following the Effective Time. If Purchaser shall receive any request or demand from any third-party or Governmental Authority for Patient Care Records and/or Operations Records for the period on or preceding the Effective Time, Purchaser shall, to the extent permitted by law, promptly forward such request or demand to Seller and shall not release any Patient Care Records and/or Operations Records for the period on or preceding the Effective Time without Seller's prior written consent.

(d) Purchaser shall maintain such books, records and other material comprising records of its operations of the Facility, including, but not limited to, resident records and records of Resident Trust Funds, to the extent required by law

(e) Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, Purchaser shall, as provided in Section 1861(v)(1)(I) of the Social Security Act and regulations promulgated thereunder, make available, upon written request, to the Secretary of Health and Human Services or to the Comptroller General of the United States or any of their duly authorized representatives, this Agreement and all books, documents and records of Purchaser that are necessary to verify the nature and extent of the costs of any services furnished pursuant to this Agreement for which payment may be made under the Medicare program. Any Party receiving a request for documents or information under this provision shall promptly notify the other Party. If such Section 1861(v)(1)(I) should not be found applicable to this Agreement under the terms of such Section and the regulations promulgated thereunder, then this Section will be deemed not to be a part of this Agreement and shall be conclusively deemed by the Parties to be null and void.

12. Patient Agreements; Operations Procedure Manual; Cost Reports.

(a) Prior to the Closing, Seller shall provide Purchaser with true, complete and correct copies of the forms (and any material amendments or modifications thereof) of all patient agreements, occupancy agreements, residency agreements and similar agreements relating to the occupancy of the Facility by the patients and residents thereof (the "Patient Agreements"). Purchaser shall assume and perform any and all obligations under the Patient Agreements required to be performed after the Effective Time for all current patients and residents of the Facility as of the Effective Time (including individuals temporarily not in occupancy), and Purchaser shall not be responsible for any obligations under the Patient Agreements required to have been performed on or prior to the Effective Time.

(b) Operating Procedures Manual. Seller shall leave one (1) set of its operating procedures manuals at the Facility. Purchaser shall: (i) keep the operating procedures manuals strictly confidential and shall not copy or reproduce the information set forth therein, (ii) maintain control over and restrict access to the operating procedures manuals to the same standard that Purchaser maintains and controls access to its confidential and proprietary information, and (iii) not use the operating procedures manuals or the information set forth therein for any reason other than to facilitate and respond to inspections or surveys of the Facility conducted by governmental or regulatory authorities. Seller makes no representation or warranty of any nature whatsoever regarding its operating procedures manual or its related forms, and expressly disclaims and renounces any such representation or warranty.

(c) Cost Reports. Seller shall timely prepare and file, in a manner reasonably consistent with past practice, with the appropriate Medicare and Medicaid agencies, any final cost reports with respect to its operation of the Facility that are required to be filed by law under the terms of the Medicare and Medicaid Programs. Purchaser shall reasonably cooperate with Seller in providing any information necessary for the cost report filings. Seller shall provide Purchaser with copies of such cost reports, together with copies of any amendments thereto. At Purchaser's cost and expense, Seller shall also reasonably cooperate with Purchaser

in the preparation of any cost reports as Purchaser deems necessary that relate to Seller's period of ownership and operation of the Facility.

13. Seller's Representations and Warranties. As a material inducement to Purchaser to enter into this Agreement and Purchaser to pay the Purchase Price for the Transferred Assets as set forth herein, Seller hereby covenants, warrants and represents to Purchaser as follows:

(a) Organization and Standing of Seller. Seller is an entity validly existing and in good standing (or the jurisdictional equivalent) under the laws of its jurisdiction of formation and is registered to do business in the jurisdiction in which it operates, and has, subject to the Bankruptcy Code and the Bankruptcy Court and any applicable Order, all necessary corporate power and authority to own, operate or lease the material properties and material assets now owned, operated or leased by it and to carry on its business as it is currently conducted.

(b) Authority. Subject to the entry of the Sale Order, Seller has the full power and authority to make, execute, deliver and perform this Agreement and the other instruments to be executed and delivered by it pursuant hereto (the "Seller's Transaction Documents"). Such execution, delivery and performance have been duly authorized, subject to the entry of the Sale Order, by all necessary action on the part of such Seller and its members and managers, as applicable.

(c) Binding Effect. Subject to the entry of the Sale Order, Seller's Transaction Documents constitute the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization and other laws now or hereafter in effect affecting creditors' rights and remedies or by equitable principles.

(d) Validity of Contemplated Transactions. The authorization, execution and delivery of this Agreement and the Seller's Transaction Documents and the consummation of the transactions contemplated hereby and thereby by the Seller, do not, with or without the giving of notice or passage of time or both (A) subject to the entry of the Sale Order, violate, conflict with or result in the breach of any term or provision of or require any notice, filing or consent under (1) the articles of organization of the Seller or (2) any Law applicable to any Seller (except for such notices to, and consents and approvals of, Governmental Authorities applicable to the change of ownership of Facility or required to be obtained in accordance with Section 19(e)) or (3) any Order binding upon Seller and of which Seller has knowledge; (B) subject to the entry of the Sale Order, violate, conflict with, result in the breach of any term or provision of, require any notice or consent under, give rise to a right of termination of, constitute a default under, result in the acceleration of, or give rise to a right to accelerate any obligation under any loan agreement, mortgage, indenture, financing agreement, lease or any other material agreement or instrument of any kind to which Seller is a party or by which Seller may be bound (except as shall be paid in full at Closing); or (C) subject to the entry of the Sale Order, result in any Lien, Liabilities, encumbrance or restriction on any of the Transferred Assets, except in the case of clauses (A), (B) or (C) to the extent that any such conflict, violation, breach, default, Lien, Liability, encumbrance or restriction would not reasonably be expected to have a Material Adverse Effect.

(e) Title to Assets. Seller has, or will have as of the Closing, good and valid title to, or a valid leasehold interest in, all Property and other assets relating to the Transferred Assets, other than properties and assets sold or otherwise disposed of in the ordinary course of business. All such properties and assets (including leasehold interests) are, or will be as of the Effective Time, free and clear of any Liens or Liabilities.

(f) Litigation. Except for the Seller's Bankruptcy Case and as set forth on Schedule 13(f), there are no actions, suits or legal, administrative, arbitration or other proceedings or governmental investigations pending or threatened against Seller before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign which affect or relate to the Transferred Assets or the Facility. Other than the Bankruptcy Case, Seller is not a party to or subject to provisions of any judgment, order, writ, injunction, decree or award of any court, arbitrator or

governmental or regulatory official, body or authority which adversely affects the Transferred Assets or the Facility in any material respect.

(g) Environmental Laws. The real property and improvements (“Real Property”) underlying the Facility is in compliance with all federal, state or local laws, ordinances, rules, regulations, orders or directives or under common law relating to the environment (“Environmental Laws”), except for such noncompliance which is not reasonably expected to have a Material Adverse Effect, and to Seller’s Knowledge, neither Seller nor any other party, has caused any hazardous wastes or hazardous substances (as defined in any applicable Environmental Law) to enter into the soil or groundwater of the Real Property.

(h) Reserved.

(i) Permits. Seller and the Facility have all certificates of need, and material licenses, permits, approvals and other governmental authorizations and waivers (collectively, the “Permits”) for the operation of the Facility as a skilled nursing facility as currently conducted (other than any such items that the failure to possess would not reasonably be expected to have a Material Adverse Effect on the operations of the Facility-(the “Material Permits”). All of the Material Permits are, in full force and effect and Seller has not, within the last three years, received any written notice that any of the Material Permits may have been rescinded, revoked, terminated, suspended or not be renewed. Subject to regulatory and other approvals, the Facility licenses are and shall, on the Closing Date, be unrestricted, unconditional, in good standing and in full force and effect and subject to no waivers or limitations. Seller has not, within the last three years, received any written notice from any Governmental Authority of any pending or threatened enforcement actions against the Facility, or requiring the correction of any condition with respect to a Material Permit which has not been the subject of a plan of correction for which compliance has been effected and Seller has no reason to believe that the good standing of any such license is in jeopardy. The Facility is currently certified for participation in the Medicaid and Medicare reimbursement programs and such certifications are, in full force and effect and in good standing and subject to no restrictions or limitations. There are no pending actions or claims or, to the best of, to Seller’s Knowledge, no pending or threatened actions or claims, which, if adversely determined, would reasonably be expected to materially and adversely affect either the material operating license or certification of the Facility, and for which a plan of correction was not timely filed. There are no outstanding civil monetary penalties or other fines levied against the Facility. The material operating license for the Facility and all other material Permits that are required to operate the Business at the Facility are, listed or copies thereof are attached in Schedule 13(i) hereto.

(j) Employees; Employee Benefit Plans. Seller has provided Purchaser a true, correct and complete list and copies of all material, written pension, profit sharing, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, hospitalization, medical insurance, life insurance and other employee benefit plans, programs or arrangements, maintained by Seller (other than obligations to make current wage or salary payments) in respect of, or which otherwise cover, any of the Hired Employees, or their beneficiaries (hereinafter individually referred to as a “Plan” and collectively referred to as the “Plans”). To Seller’s Knowledge, all such Plans have been maintained in material compliance with their terms and all applicable Laws. None of the Hired Employees are a party to any written employment agreement, consulting agreement, collective bargaining agreement, or similar contract, commitment or arrangement which, after the giving of notice, cannot be terminated at will by Seller, nor will any such agreement be binding upon Purchaser. There are no material actions, suits or legal, administrative, arbitration or other proceedings or governmental investigations pending or, to Seller’s Knowledge, threatened against Seller in respect of, any unemployment or workers’ compensation benefits or any liability arising out of-wrongful discharge, sexual harassment, employment discrimination, unfair labor practices or any other violation of any applicable federal, state or local employment Law.

(k) Multi-Employer Plans. Seller has not, nor is it required to, contribute (and has not ever contributed or been required to contribute) to any multi-employer plan, as defined in Section 3(37) of the ERISA with respect to the Facility Employees.

(l) Employment Matters. As of the Closing Date, Seller shall have no outstanding obligations with respect to salary, wages or bonuses to any of the Hired Employees, or with respect to payroll or employment-related Taxes relating to any of the Hired Employees to any federal, state or local regulatory or taxing agency. No work stoppage exists or is threatened to begin, with respect to the Facility or any use or operation thereof. Seller is not a party to and is not otherwise bound by any contract, agreement, commitment, or arrangement (oral or written) with any present or former employee requiring the payment of severance compensation. Seller is in compliance in all material respects with all federal, state, and local laws respecting employment (including, without limitation, any immigration laws) and employment practices, terms, and conditions of employment, and wages and hours, and is not engaged in any unfair labor practice that would reasonably be expected to have a Material Adverse Effect. To Seller's Knowledge, there is no unfair labor practice complaint against Seller pending before the National Labor Relations Board. Seller is not subject to nor bound by any labor agreement or collective bargaining agreement; and to Seller's Knowledge there is no labor dispute, strike, or request for union representation pending or threatened against Seller relating to the employees at the Facility.

(m) Regulatory and Legal Compliance. The Facility is a licensed skilled nursing facility, Seller is in compliance in all material respects with all federal, State and local statutes, laws, ordinances, judgments, decrees, orders or governmental rules, regulations, life safety codes, policies and guidelines applicable to the operation of the Facility. Seller has not received any written notice from any Governmental Authority of any alleged violation or noncompliance that has not been cured or addressed by a plan of corrective action, or which, if adversely determined, would not reasonably be expected to materially and adversely affect the Facility.

(n) Licensed Beds and Current Rate Schedule. Schedule 13(n) sets forth a true, correct and complete statement, as of three (3) Business Days prior to the Contract Commencement Date, of: (i) the number and type of licensed beds at the Facility, including any designation as Medicare and/or Medicaid certified, (ii) the current rates charged by the Facility to its patients or residents, and (iii) the number of beds presently occupied in, and the occupancy percentages at, the Facility.

(o) Billing Practices. During the three (3)-year period prior to the Closing Date, all billing practices of the Business with respect to all Third-party Payors, including Medicare, Medicaid, and private insurance companies, have been in compliance in all material respects with all applicable Laws, regulations, and policies of such Third-party Payors (collectively, the "Payment Programs") or in the alternative, any such noncompliance has been cured within the time period allotted by applicable regulation or policy, and, to Seller's Knowledge, Seller has not billed or received any payment or reimbursement in excess of amounts allowed by law or such policy which has not been refunded to the Third-party Payor or the resident. Within the six (6) month period prior to the Effective Time, Seller has not received written notice that a Payment Program has requested or threatened any recoupment, refund or set-off from Seller or imposed any fine, penalty or other sanction on Seller. Seller has not been excluded from participation in a Payment Program at any time.

(p) Prohibited Practices. During the period that Seller has been the licensed operator of the Facility, to Seller's Knowledge, no officers or directors of Seller have, during their period of engagement with Seller, been charged with, convicted of or pled guilty to crimes of theft or dishonesty, financial misconduct, or offenses related to the delivery of health care services, nor have any of Seller's current officers or directors been excluded from participation in Medicare, Medicaid or any other state or federal government reimbursement program. To Seller's Knowledge, none of Seller's officers, directors or employees has engaged in any conduct that may result in sanctions to Seller under any federal or state laws including the specific laws set forth in Section 13(q).

(q) Government Investigations. During the three (3)-year period prior to the Closing Date, Seller has received no written notice of the commencement of any investigation proceedings or any governmental investigation or action (including any civil investigative demand or subpoena) under the False Claims Act (31 U.S.C. Section 3729 et seq.), the Anti-Kickback Act of 1986 (41 U.S.C. Section 51 et seq.), the Federal Health Care Programs Anti-Kickback statute (42 U.S.C. Section 1320a-7a(b)), the Ethics in Patient Referrals Act of 1989, as amended (Stark Law) (42 U.S.C. 1395nn), the Civil Money Penalties Law (42 U.S.C. Section 1320a-7a), or the Truth in Negotiations (10 U.S.C. Section 2304 et seq.), Health Care Fraud (18 U.S.C. 1347), Wire Fraud (18 U.S.C. 1343), Theft or Embezzlement (18 U.S.C. 669), False Statements (18 U.S.C. 1001), False Statements (18 U.S.C. 1035), and Patient Inducement Statute and equivalent state statutes or any rule or regulation promulgated by a Governmental Authority with respect to any of the foregoing healthcare fraud laws affecting Seller with respect to the Facility.

(r) Mechanic Liens. To Seller's Knowledge, no labor has been performed or materials furnished that would reasonably be expected to result in a materialman's or mechanic's lien in an amount in excess of \$10,000 filed against the Transferred Assets except as shall be fully paid or released prior to the Closing.

(s) Resident Roll. The Resident roll attached hereto as Schedule 13(s) is a complete and accurate schedule of all the Residents as of the date of this Agreement, including the name of each Resident and the payor source, if any, for such Resident. No Seller has accepted from any Resident any payment for periods in excess of thirty (30) days in advance of the due date of such payment.

(t) Insurance. There is in full force and effect policies of insurance insuring the Transferred Assets and the Business against such losses and risks and in such amounts as are usual and customary in Seller's business.

(u) Taxes. Within the times and in the manner prescribed by Law, Seller has, to Seller's Knowledge, timely filed all federal, state, and local tax returns relating to the Business and has paid all Taxes, assessments and penalties due and payable other than those as to which Seller is disputing diligently and in good faith. To Seller's Knowledge, there are no existing notices of Federal Tax Liens, or any state or local governmental taxing agency tax Liens filed against Seller or the Facility and Seller has not failed to pay or refused to pay any federal, state, or any local governmental agency tax obligation after such has been assessed or demanded by any federal, state, or local governmental Taxing agency, including any interest, additional amounts, additions to tax and/or penalties other than those as to which Seller is disputing diligently and in good faith. All of such returns and reports are, to Seller's Knowledge, true and complete in all material respects and all such estimates have been made in good faith based upon then-current information. To Seller's Knowledge, all amounts withheld by Seller for all periods prior to the Closing Date have been withheld in compliance with the payroll tax and other withholding provisions of all applicable Laws and all of such amounts have been duly and validly remitted to the proper taxing authority.

(v) Financial Information. Seller has furnished to Purchaser certain financial information related to the operation of the Facility, true and complete copies of which are attached hereto as Schedule 13(v), and interim monthly financial statements for the monthly periods from the Contract Commencement Date until the Closing Date. The financial statements included in Schedule 13(v) hereto and the interim monthly financial statements delivered from the Contract Commencement Date until the Closing Date are referred to herein collectively as the "Financial Statements". The Financial Statements and the books and records of Seller which gave rise thereto, as well as all other books and records maintained by Seller with respect to the ownership, management and/or operation of the Transferred Assets, are, correct and complete in all material respects and not materially misleading. The charges, accruals and reserves shown in the Financial Statements in respect of Taxes and other governmental charges, including, without limitation, any overcharges with respect to Medicare, Medicaid or any other government payor, for all periods set forth therein are adequate, and to Seller's Knowledge, there is no basis for any reasonable assertion of any assessment or claim for additional Taxes or other governmental charges other than those reflected in the Financial Statements. The Seller has not

intentionally overstated revenue or underreported expenses in the financial information provided to the Purchaser related to the operation of the Facility.

(w) Cost Reports. Seller has filed all cost reports required to be filed as of the Closing Date under applicable law. Seller has furnished Purchaser with copies of all cost reports filed by Seller with the appropriate State agency, the appropriate Medicare and Medicaid agencies and/or fiscal intermediaries in respect of the operation of the Facility for the years ended December 31, 2018 and 2017, and to Seller's Knowledge, such cost reports did not contain any material disallowable costs or expenses or any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and such cost reports have been and prior to the Closing Date shall be prepared in all material respects in accordance and compliance with all applicable government rules and regulations.

(x) Transferred Contracts. To Seller's Knowledge, each of the Transferred Contracts is in full force and effect and is a valid and binding obligation the Seller and the other parties thereto, in accordance with its terms and conditions. Seller has made available to Purchaser true and complete copies of each Transferred Contract in Seller's possession or control. Except for those defaults that will be cured or waived in accordance with Section 365 of the Bankruptcy Code (or that do not need to be cured under the Bankruptcy Code to permit the assumption and assignment of the Transferred Contracts and that would not be a Liability of Purchaser at or after the Closing), there is, to Seller's Knowledge, no material default under any of the Transferred Contracts by Seller or any other party thereto, and Seller has not received any written notice of any default or event that with notice or lapse of time or both would constitute a default by Seller under any Transferred Contract which has not otherwise been waived or resolved.

(y) Brokers. Other than SLIB II, Inc. d/b/a Senior Living Investment Brokerage ("SLIB"), Seller has not engaged any agent, broker, investment banker, person or firm who is entitled to a commission or fee in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated herein. To the extent any agent, broker, investment banker, person or firm has acted on behalf of any Seller or under the authority of Seller, Seller shall be responsible for any such broker's or finder's fee or any other commission or similar fee payable directly or indirectly to such agent, broker, investment banker, person or firm in connection with any of the transactions contemplated herein, including all fees payable to SLIB.

(z) NO OTHER REPRESENTATIONS OR WARRANTIES. NEITHER SELLER NOR ANY OF ITS REPRESENTATIVES (INCLUDING ANY DIRECT OR INDIRECT EQUITYHOLDERS OR MEMBERS) HAS NOT MADE, AND SHALL NOT BE DEEMED TO HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED OR OF ANY NATURE WHATSOEVER RELATING TO SELLER OR THE BUSINESS OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND DISCLAIM ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION OR WARRANTY MADE OR COMMUNICATED (ORALLY OR IN WRITING, INCLUDING ANY OPINION, INFORMATION OR ADVICE WHICH MAY HAVE BEEN PROVIDED BY THEIR REPRESENTATIVES) OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS SECTION 15. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 15, NONE OF THE SELLER OR ANY OTHER PERSON (INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIVE OF SELLER) HAS MADE, AND SHALL NOT BE DEEMED TO HAVE MADE, ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, EITHER WRITTEN OR ORAL, AT LAW OR IN EQUITY OR OF ANY NATURE WHATSOEVER, IN THE MATERIALS RELATING TO THE BUSINESS MADE AVAILABLE OR PROVIDED TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES OR ANY OTHER PERSONS, INCLUDING DUE DILIGENCE MATERIALS, OR IN ANY PRESENTATION OF THE BUSINESS BY MANAGEMENT OF SELLER OR OTHERS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND NO STATEMENT CONTAINED IN ANY OF SUCH MATERIALS OR

MADE IN ANY SUCH PRESENTATION OR OTHER MATERIALS SHALL BE DEEMED A REPRESENTATION OR WARRANTY HEREUNDER OR OTHERWISE OR DEEMED TO BE RELIED UPON BY PURCHASER IN EXECUTING, DELIVERING AND PERFORMING THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY. IT IS UNDERSTOOD THAT ANY ESTIMATES, BUDGETS, PROJECTIONS OR OTHER PREDICTIONS OR SIMILAR MATERIALS MADE AVAILABLE BY SELLER AND/OR ITS REPRESENTATIVES, ARE NOT AND SHALL NOT BE DEEMED TO BE OR TO INCLUDE REPRESENTATIONS OR WARRANTIES OF SELLER, AND ARE NOT AND SHALL NOT BE DEEMED TO BE RELIED UPON BY PURCHASER OR ANY OF THEIR AFFILIATES IN EXECUTING, DELIVERING AND PERFORMING THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. NONE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SHALL SURVIVE THE CLOSING.

14. Seller's Covenants. From the Contract Commencement Date until the earlier termination of this Agreement or the Closing, Seller shall use commercially reasonable efforts to (except as otherwise consented to or approved by Purchaser in writing, which consent or approval shall not be unreasonably withheld, conditioned or delayed):

- (a) operate the Business in the ordinary course consistent with Seller's past practices;
- (b) not create any Liens upon the Transferred Assets;
- (c) preserve and keep all of its books and records related to or prepared in connection with the Transferred Assets, subject to Seller's normal document retention protocol. Seller shall permit representatives and agents of Purchaser to duplicate any material contained in such books and records at no cost to Seller;
- (d) obtain, on or prior to the Closing, any consents required to be obtained by Seller necessary for Seller to fulfill its obligations to consummate the transactions contemplated hereby;
- (e) comply in all material respects with all applicable Law, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby;
- (f) file federal, state, and local tax returns, and pay all amounts then due (other than those amount being disputed in good faith and with appropriate proceedings), for all periods through and including the Closing Date;
- (g) not sell, lease or otherwise dispose of all or any part of any Facility or the Transferred Assets other than in the ordinary course of business. In addition, Seller shall not sell, lease, transfer to other Facility or locations or otherwise dispose of any Property other than in the ordinary course of business, which shall be replaced with items of the same or better quality and in a manner consistent with its ordinary course;
- (h) not enter into any agreement for the performance of material capital expenditures at the Real Property (or any portion thereof) which will not be paid for by Seller prior to the Closing or enter into any capital or equipment leases for the Property (or any portion thereof);
- (i) promptly notify Purchaser of any litigation, arbitration or administrative proceeding pending or, to Seller's Knowledge, threatened against Seller, which challenges the transactions contemplated herein; and
- (j) provide Purchaser with all material information regarding census and payroll;
- (k) reasonably cooperate with Purchaser with respect to all transitional matters;

(l) not increase in any manner the rate or terms of compensation or benefits of any Facility Employees, except as may be required under existing employment agreements or benefit plans or in the ordinary course of business consistent with past practices,

(m) not hire any new employees other than in the ordinary course of business consistent with past practices; provided that Seller shall consult with Purchaser prior to hiring any management-level employee;

(n) not terminate the employment of any employees (other than pursuant to Section 8 or in the ordinary course of business); provided that Seller shall consult with Purchaser prior to terminating any management-level employee;

(o) after consultation with Purchaser, permit Purchaser and/or its representatives to have a reasonable presence at the Facility and to interact with Facility staff, subject to all applicable Laws, provided that such presence does not interfere with the operations of the Facility or the staff's obligations and duties;

(p) after consultation with Purchaser, permit Purchaser and/or its representatives to hold group meetings with Facility Employees for purposes of addressing employment and transitional matters; provided that such presence does not, materially interfere with the operations of the Facility or the staff's obligations and duties;

(q) permit Purchaser and/or its representatives to tour the Facility for purposes of determining capital expenditure needs provided that such presence does not, materially interfere with the operations of the Facility or the staff's obligations and duties; and

(r) afford Purchaser's and/or Purchaser's employees, auditors, legal counsel, representatives of Purchaser's and/or Purchaser's lenders, or other authorized representatives all reasonable opportunity and access during normal business hours upon reasonable notice to inspect and investigate the Transferred Assets, including for review of all accounting records and other business records, provided that such inspections do not materially interfere with the operations of the Facility. Notwithstanding the foregoing, neither Purchaser nor Purchaser shall conduct, or cause to be conducted, any invasive or destructive testing without Seller's prior written consent, which consent shall not be unreasonably withheld.

15. Purchaser's Representations and Warranties. As a material inducement to Seller to enter into this Agreement and to sell the Transferred Assets to Purchaser as set forth herein, each of Purchaser hereby covenants, warrants and represents to Seller as follows:

(a) Organization and Standing of Purchaser. Purchaser is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has the power and authority to purchase and acquire the Transferred Assets and to conduct the business presently being conducted by it.

(b) Authority. Purchaser has the full power and authority to make, execute, deliver and perform this Agreement including the instruments and documents to be executed and delivered by it pursuant hereto (the "Purchaser's Transaction Documents," collectively with the Seller's Transaction Documents, the "Transaction Documents"). Such execution, delivery, performance and consummation have been duly authorized by all necessary action, corporate or otherwise, on the part of Purchaser, its members and managers.

(c) Binding Effect. Purchaser's Transaction Documents, when executed by Purchaser constitute the valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization and other laws now or hereafter in effect affecting creditors' rights and remedies or by equitable principles.

(d) Validity of Contemplated Transactions. The authorization, execution and delivery of this Agreement and the Purchaser's Transaction Documents and the consummation of the transactions contemplated hereby and thereby by Purchaser do not and will not, with or without the giving of notice or passage of time or both (A) violate, conflict with or result in the breach of any term or provision of or require any notice, filing or consent under (i) the articles of organization or operating agreement of the Purchaser, or (ii) any statutes, laws, rules, regulations, ordinances, licenses or permits of any governmental body, authority or agency applicable to the Purchaser, or (iii) any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental body, authority or agency binding upon the Purchaser (except for such notices to, and consents and approvals of, State governmental and regulatory authorities applicable to the change of ownership of Facility similar to the Facility and required to be obtained in accordance with Section 18(h)); or (B) conflict with, result in the breach of any term or provision of, require any notice or consent under, give rise to a right of termination of, constitute a default under, result in the acceleration of, or give rise to a right to accelerate any obligation under any loan agreement, mortgage, indenture, financing agreement, lease or any agreement or instrument of any kind to which the Purchaser is a party or by which the Purchaser may be bound.

(e) Brokers. Purchaser has not engaged any agent, broker, investment banker, person or firm who is entitled to a commission or fee in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated herein. To the extent any agent, broker, investment banker, person or firm has acted on behalf of Purchaser or under the authority of Purchaser, then Purchaser shall be responsible for any such broker's or finder's fee or any other commission or similar fee payable directly or indirectly to such agent, broker, investment banker, person or firm in connection with any of the transactions contemplated herein.

(f) Legal Proceedings. There are no actions, suits, claims, investigations or other legal proceedings pending or, to Purchaser's or Purchaser's knowledge, threatened against or by Purchaser, or any Affiliate of either of them that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

(g) Adequacy of Purchaser's Review. Purchaser has (i) had an opportunity to conduct any and all due diligence regarding the Transferred Assets, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and other information in connection with in executing and delivering this Agreement, (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Transferred Assets, and (iv) has not entered into any agreement with any other potential bidder concerning the Auction or the Sale or discloses any agreement with any other potential bidder concerning the Auction or Sale.

(h) Sufficient Funds. Purchase has sufficient funds available to pay the Purchase Price and otherwise perform its obligations hereunder.

16. License Approval. Purchaser shall file all applications with the appropriate State and federal agency and department in order to obtain the appropriate (i) license and approvals necessary to operate the Facility as mandated by Law, and (ii) HUD regulatory approval and consent consistent with the requirements of the underlying HUD-insured real property mortgage loan (collectively, the "License Approval"). Purchaser shall use its commercially reasonable efforts to obtain the License Approval and Seller shall use commercially reasonable efforts to provide all necessary and requested assistance to Purchaser in connection with obtaining the License Approval. As soon as practicable after receipt of the License Approval, but in any event prior to the Closing, Seller shall sign and Purchaser shall file CMS Form 855A with the appropriate third parties within the appropriate notification periods. Seller shall provide such information and cooperate with Purchaser as necessary in the preparation of the Form 855A and all other applications with respect to the Provider Agreements.

17. Date of Closing. The closing contemplated herein (the "Closing") shall occur on first day of the month following the date that Purchaser obtains License Approval, but in no event prior to five (5) Business

Days after Purchaser obtains License Approval (such date, the “Closing Date”), subject to the satisfaction of the conditions precedent set forth herein. The Closing Date may be such earlier or different date as agreed to in writing by the Parties. In the event that the Closing has not occurred on or prior to April 15, 2020 (the “Outside Closing Date”), then this Agreement may be terminated in accordance with Section 22; provided that the Outside Closing Date may be extended by up to thirty (30) days upon the reasonable request of Purchaser, or such longer period as agreed to by the Seller and the Purchaser, in the event that the Closing has yet to occur due to the pendency of License Approval. Purchaser shall use diligence and commercially reasonable efforts to obtain License Approval in a timely manner. Notwithstanding the actual time at which the Closing occurs, the time at which the Closing shall be deemed to be effective and the risk of loss shall pass from Seller to Purchaser shall be 12:01 a.m. (Eastern time) on the day following the Closing Date (the “Effective Time”).

18. Conditions Precedent to Obligations of Purchaser. The obligations of Purchaser under this Agreement are subject to, and shall be conditioned upon, the satisfaction (or the waiver in writing by Purchaser and Purchaser) prior to, or as of, the Closing Date of each of the following conditions:

(a) Compliance by Seller with Covenants and Representations Correct. All of the covenants and obligations of this Agreement to be complied with and performed by Seller at or before the Closing Date shall have been complied with and performed in all material respects. The representations and warranties made by Seller in this Agreement that are not qualified as to “materiality” shall be true and correct in all material respects as of the Closing Date (other than those that speak as of a specified time which shall be true and correct in all material respects as of such specified time), and all representations and warranties that are qualified as to “materiality” or “material adverse effect” shall be true and correct in all respects as of the Closing Date (other than those that speak as of a specified time which shall be true and correct in all respects as of such specified time).

(b) Pre-Closing Confirmation. Purchaser shall have obtained documentation or other evidence confirming that the Sale Order shall have been entered on the docket of the Bankruptcy Court and shall have become a Final Order.

(c) Seller Transaction Documents. Seller shall have delivered to Purchaser all of the documents, instruments and agreements set forth in Section 20(a) below, provided, however, that the failure or inability to deliver any of the reliance letters referenced in Section 21(a)(vii) shall not be a condition precedent to Purchaser’s or Purchaser’s obligations under this Agreement.

(d) No Legal Action. No action, suit, investigation, other proceeding or Claim shall have been instituted before any court or before or by any government or governmental agency or instrumentality seeking to impose any restriction, limitations or conditions with respect to the transactions contemplated by this Agreement or which will prevent or enjoin the consummation of the transactions contemplated herein.

(e) No Material Damages, etc. Any material damage to any Real Property as a result of fire, explosion, disaster, accident, or any other similar material event or occurrence shall have been fully repaired and restored to materially not less than the condition of such Real Property as of the date hereof, subject to the terms of Section 22.

(f) Lease Amendment. Purchaser shall enter into an amendment to the Assumed Lease.

(g) Sale Order. The Sale Order, in a form and substance acceptable to the Purchaser, in its sole discretion, shall be entered by the Bankruptcy Court. For the avoidance of doubt, the Sale Order shall, among other things, (i) permit the sale of the Transferred Assets to the Purchaser free and clear of any and all Liens, assumption of the Transferred Contract by the Debtor, and the Debtor’s assignment of the Transferred Contracts to the Purchaser pursuant to Sections 363(b) and 365(a) of the Bankruptcy Code, (ii) include a finding of the Purchaser’s good faith and provide for finality under Section 363(m) of the Bankruptcy Code and a waiver of the stays set forth in Bankruptcy Rules 6004(h) and 6006(d), (iii) provide that, except for the Assumed

Liabilities, the Purchaser is not assuming and shall not be deemed to have assumed, any other Liability of the Seller, or any of its Affiliates, fixed or contingent, disclosed or undisclosed, recorded or unrecorded, currently existing or hereafter arising, or otherwise (including any “successor liability” or any Liability under any Health Care Laws); and (iv) provide for the retention of jurisdiction by the Bankruptcy Court to resolve any and all disputes that may arise under this Agreement, in the Bankruptcy Case as between Sellers and Purchaser..

(h) Regulatory Approvals. Purchaser shall have received the License Approval.

(i) Compliance. The Facility shall not be Out of Compliance on the Closing Date. All deficiencies and violations of the severity level of “IJ” or worse noted in any pre-Closing Date survey for the Facility shall have been corrected as of the Closing Date.

(j) Material Adverse Effect. There will have occurred following the date hereof no events nor will there exist circumstances which singly or in the aggregate have resulted in a Material Adverse Effect.

(k) Consents. Seller shall have obtained any consents required to be obtained by Seller to fulfill its obligations to consummate the transactions contemplated hereby.

19. Conditions Precedent to Obligations of Seller. The obligations of Seller under this Agreement are subject to, and shall be conditioned upon the satisfaction (or the waiver in writing by Seller) prior to, or as of, the Closing Date of each of the following conditions:

(a) Compliance by Purchaser with Covenants and Representations Correct. All of the covenants and obligations of this Agreement to be complied with and performed by Purchaser and Purchaser, as applicable, at or before the Closing Date shall have been complied with and performed, and the representations and warranties made by Purchaser in this Agreement, shall be correct on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that such failure to be correct has not had, and would not reasonably be expected to have, a material adverse effect on Purchaser’s ability to pay the Purchase Price and consummate the transactions contemplated hereby.

(b) Pre-Closing Confirmation. Seller shall have obtained documentation or other evidence confirming that the Sale Order shall have been entered on the docket of the Bankruptcy Court and shall have become a Final Order.

(c) Purchaser Transaction Documents. Purchaser shall have delivered to Seller all of the documents, instruments and agreements set forth in Section 20(b) below.

(d) No Legal Action. No action, suit, investigation, other proceeding or Claim shall have been threatened or instituted before any court or before or by any government or governmental agency or instrumentality seeking either (1) to impose any restrictions, limitations or conditions with respect to the transaction contemplated by this Agreement or which will prevent or enjoin the consummation of the transactions contemplated by this Agreement, or (2) to obtain damages or other relief against Seller in connection with such transactions.

(e) Permits, Consents, etc. Purchaser shall have obtained all consents required to fulfill its obligations to consummate the transactions contemplated under hereby.

20. Deliveries at Closing.

(a) At Closing, Seller shall deliver to the Purchaser and Purchaser, in consideration of payment of the Purchase Price, an original executed counterpart of the following:

(i) A Bill of Sale, substantially in the form and substance of Exhibit B attached hereto and made a part hereof (the “Bill of Sale”);

(ii) A General Assignment with respect to the Intangible Personal Property, substantially in the form and substance of Exhibit C attached hereto and made a part hereof (the “General Assignment”);

(iii) Assignment and Assumption Agreement;

(iv) Assignment and Assumption Agreement with respect to with respect to Resident Trust Funds and Patient Deposits, substantially in the form and substance of Exhibit D attached hereto and made a part hereof (“Assignment and Assumption of Resident Trust Funds”);

(v) A Closing certificate substantially in the form and substance of Exhibit E, attached hereto and made a part hereof;

(vi) A Closing statement setting forth all adjustments to the Purchase Price (the “Closing Statement”);

(vii) An amendment to the assumed Assumed Lease in the form attached as Exhibit H attached hereto and made a part hereof;

(viii) Reliance letters in favor of Purchaser’s lenders allowing such lenders to rely on any third party reports prepared for, or in possession of, the Seller; and

(ix) Such further documents, instruments and agreements as are contemplated herein.

(b) At Closing, Purchaser shall deliver the Purchase Price to the Seller in accordance with the provisions set forth herein, and Purchaser shall deliver an original counterpart of the following:

(i) General Assignment;

(ii) Assignment and Assumption Agreement;

(iii) Assignment and Assumption of Resident Trust Funds;

(iv) A Closing certificate substantially in the form and substance of Exhibit E, attached hereto and made a part hereof;

(v) An amendment to the Assumed Lease in the form attached as Exhibit H attached hereto and made a part hereof;

(vi) The Closing Statement; and

(vii) Such further documents, instruments and agreements as are contemplated herein.

21. Reserved.

22. Termination. In addition to the express provisions contained herein regarding termination of this Agreement, this Agreement may be terminated at any time prior to the Closing Date by:

(a) Seller, if the representations and warranties of Purchaser are not true and correct in all as of such date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material adverse effect on the ability of Purchaser to consummate the transactions contemplated hereby; provided, however, if any inaccuracy in a representation or warranty of Purchaser is capable of being cured, then Purchaser shall have fifteen (15) calendar days after either (i) Purchaser provides Seller with written notice of such inaccuracy, or (ii) Seller provides Purchaser with written notice specifying, in reasonable detail, the claimed inaccuracy, to cure the inaccuracy so that the representation or warranty is true and correct in all material respects. If Purchaser timely cures the inaccuracy, then Seller shall not be entitled to terminate this Agreement pursuant to this subsection;

(b) Seller, if Purchaser fails to perform and comply in all material respects with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by it at or prior to the Closing (provided that the payment of the Purchase Price shall not be subject to qualification by “materiality”); provided, however, if any of such failure by Purchaser is capable of being cured, then Purchaser shall have fifteen (15) calendar days after written notice from Seller to Purchaser specifying, in reasonable detail, such failure, to cure the breach. If Purchaser cures the breach within such fifteen (15) calendar day period, then Seller shall not be entitled to terminate this Agreement pursuant to this subsection;

(c) Seller, if any condition precedent under Section 19 of this Agreement has not been satisfied by the Outside Closing Date and Seller has not waived the conditions that were not satisfied on or before the Closing Date; provided Seller has not defaulted under any covenant or obligation of Seller or breached any representation or warranty of Seller set forth herein (except for breaches and inaccuracies that have not had, and would not reasonably be expected to have, a Material Adverse Effect);

(d) Purchaser, if License Approval is not obtained by the Outside Closing Date.

(e) Purchaser, if the representations and warranties of Seller are not true and correct in all respects as of such date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect; provided, however, if any inaccuracy in a representation or warranty of Seller is capable of being cured, then Seller shall have fifteen (15) calendar days after either (i) Seller provides Purchaser with written notice of such inaccuracy, or (ii) Purchaser provides Seller with written notice specifying, in reasonable detail, the claimed inaccuracy, to cure the inaccuracy so that the representation or warranty is true and correct in all material respects. If Seller timely cures the inaccuracy, then Purchaser shall not be entitled to terminate this Agreement pursuant to this subsection;

(f) Purchaser, if Seller fails to perform and comply in all material respects with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by it at or prior to the Closing; provided, however, if any of such failure by Seller is capable of being cured, then Seller shall have fifteen (15) calendar days after written notice from Purchaser to Seller specifying, in reasonable detail, such failure, to cure the breach. If Seller cures the breach within such fifteen (15) calendar day period, then Purchaser shall not be entitled to terminate this Agreement pursuant to this subsection;

(g) Purchaser, if any condition precedent to Purchaser’s obligations hereunder have not been satisfied by the Closing Date and Purchaser has not waived the conditions that were satisfied on or before the Closing Date; provided Purchaser has not defaulted under any covenant or obligation of Purchaser or breached any representation or warranty of Purchaser set forth herein.

(h) Purchaser, if the Sale Order, in the form attached hereto as Exhibit G, is not entered by the Bankruptcy Court on or before December 15, 2019;

(i) Purchaser, if at any time after entry of the Sale Order, such order is reversed, stayed, vacated or otherwise modified in any way adverse to Purchaser (as determined in good faith by the Purchaser);

(j) Purchaser, if, prior to the Closing Date, the Bankruptcy Court enters an order (i) appointing a chapter 11 trustee under Section 1104 of the Bankruptcy Code in the Bankruptcy Case, (ii) appointing an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code in the Case, (iii) appointing a fiduciary or representative of the estate with decision-making or other management authority over some or all of the Seller's senior management, (iv) substantively consolidating the estate of any Seller with the estate of any other person or entity other than a Seller, or (v) dismissing the bankruptcy case or converting the bankruptcy case to a chapter 7 case;

(k) Purchaser, if, prior to the Closing Date, Seller files a motion in Seller's Bankruptcy Case (i) seeking to dismiss the Bankruptcy Case or convert the bankruptcy case to a chapter 7 case; or (ii) to take any other action or actions adverse to Purchaser or its rights and remedies hereunder or under this Agreement;

(l) Purchaser, in the event (i) that Seller recommends or takes any action (other than action approved by Purchaser) with respect to, or the Bankruptcy Court approves, a sale, transfer or other disposition of the Transferred Assets to anyone other than Purchaser (or its designee) in connection with a sale under 363, as part of a plan or by any other means (an "Alternative Transaction"); (ii) an appeal of the Sale Order is filed (and a stay pending appeal is granted) and not resolved to Purchaser's reasonable satisfaction, by the Outside Closing Date; or (iii) the Bankruptcy Court orders that an amendment be made to this Agreement or to the schedules or exhibits to this Agreement, the Sale Order and such amendment is materially adverse to Purchaser in its good faith determination; or

(m) Either Party, if the Closing has not occurred by the Outside Closing Date.

(n) If this Agreement is terminated pursuant to any of Section 22(d), Section 22(e), Section 22(f), Section 22(g), Section 22(h), Section 22(i), Section 22(j), Section 22(k) and Section 22(l) above, Purchaser shall be entitled to the return of the Deposit and all accrued investment income thereon, whereupon this Agreement shall terminate and be of no further force or effect, except as otherwise set forth herein. For the avoidance of doubt, Purchaser's sole remedy for any breach by Seller of any provision of this Agreement, if applicable, shall be its rights to termination, if any, and its right, if applicable, to the return of the Deposit and reimbursement of Purchaser's out of pocket expenses including reasonable attorneys' fees. If this Agreement is terminated pursuant to any other subsection of this Sections 22, Seller, as its sole and exclusive remedy, shall be entitled to retain the Deposit. Notwithstanding anything contained herein to the contrary, under no circumstances shall either Party have the ability to exercise or enforce any remedy or terminate this Agreement as a result of a default by the other Party if such default was caused in whole or in part by any default, action or omission by the first Party or its Affiliates-

(o) The Parties agree that irreparable damage would occur upon any failure to cure a curable breach of any provision of this Agreement and that the Parties shall be entitled to specific performance of any such provision, in addition to any other remedy to which they are entitled at law or in equity.

(p) This Section 22 shall survive the Closing or the earlier termination of this Agreement.

23. Bankruptcy Court Approvals.

(a) Bankruptcy Court Approvals. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Seller of higher or better bids at the Auction ("Competing Bids").

(b) Sale Order. The Sale Order shall be in the form attached hereto as Exhibit G and shall have been entered by the Bankruptcy Court and such orders shall not have been stayed, modified, reversed or amended in any manner adverse to the Sellers or Purchaser; and the Sellers shall have received from the Bankruptcy Court all other orders, approvals and consents required to transfer the Assets free and clear of all Liens (other than the Permitted Liens) and Liabilities assign the Transferred Contracts for assumption by the Purchaser, and to consummate the transactions contemplated by this Agreement, and the Sellers shall have received evidence thereof satisfactory to the Sellers and its counsel.

(c) Assumption, Assignment and Payment of Cure Costs. The Seller shall assume and assign the Transferred Contracts to Purchaser in accordance with Sections 363 and 365 of the Bankruptcy Code and the Sale Order effective as of the Closing Date and Purchaser shall be solely responsible to pay all Cure Costs associated with any Transferred Contract.

24. Back-Up Bid. In accordance with the Bidding Procedures, this Agreement shall remain binding in accordance with the terms hereof until the Back-Up Bid Termination Date. If this Agreement has not been selected by Seller as the Successful Bid prior to the Back-Up Bid Termination Date, then this Agreement shall terminate on the Back-Up Bid Termination Date or such other date as mutually agreed upon by the Parties, and the Deposit shall be returned to Purchaser in accordance with Section 3. If this Agreement is selected by Seller as the Successful Bid prior to the Back-Up Bid Termination Date, then this Agreement shall remain in full force and effect until the Closing or the earlier termination in accordance with Section 22.

25. Seller's Non-Solicitation, Non-Relocation and Non-Interference.

(a) For a period of twenty-four (24) months commencing on the Closing Date (the "Restricted Period"), Seller shall not, and shall use commercially reasonable efforts to ensure that its Affiliates shall not, directly or indirectly, hire, engage or take any actions to recruit, hire or engage any Hired Employees; provided, however, that nothing contained herein shall prevent Seller or any of its Affiliates from recruiting, soliciting or employing any Person who responds to a general media advertisement or non-directed search inquiry.

(b) From the Contract Commencement Date until the twenty-four (24) month anniversary of the Closing Date, Seller shall not, and shall use commercially reasonable efforts to ensure that its Affiliates shall not, directly or indirectly, solicit any current resident of a Facility or encourage any current resident of a Facility to move to a skilled nursing facility other than a Facility.

(c) Seller shall not, and shall use commercially reasonable efforts to ensure that its Affiliates shall not, solicit, entice, persuade or induce, directly or indirectly, any Person doing business at or with any Facility to terminate, modify, or in any way alter such relationship.

(d) It is the desired intent of the Parties that the foregoing provisions of this Section 25 shall be enforced to the fullest extent permissible in each jurisdiction in which enforcement is sought. Accordingly, the Parties agree that if the covenants set forth in this Section 25 are deemed by any court or arbitrator to be invalid or unenforceable in any jurisdiction, the court or arbitrator may reduce the scope thereof or otherwise amend or reform the portion thus adjudicated to be invalid or unenforceable, such reduction, amendment or reformation to apply only with respect to the particular jurisdiction in which such adjudication is made.

26. Drafting. The Parties hereto have carefully reviewed and negotiated the terms of this Agreement and the Transaction Documents, and Seller, Purchaser hereby acknowledge and agree that they have had a full and fair opportunity to review and negotiate the Agreement and the Transaction Documents with the advice of its counsel. Therefore, there shall be no presumption in favor of the non-drafting party.

27. Costs and Expenses. Except as expressly otherwise provided in this Agreement, each Party shall bear its own costs and expenses in connection with this Agreement and the transactions contemplated hereby. The substantially prevailing party in any suit brought to enforce any of the terms or provisions of this Agreement shall be entitled to recover reasonable attorneys' fees and expenses in any such action or proceeding.

28. Performance. In the event of a breach by either Party of its obligations hereunder, the other Party shall have the right, in addition to any other remedies which may be available, to obtain specific performance of the terms of this Agreement, and the breaching Party hereby waives the defense that there may be an adequate remedy at law.

29. Benefit and Assignment. This Agreement binds and inures to the benefit of each Party and its successors and proper assigns, including any trustee appointed in the Bankruptcy Case or any estate representative. Neither Party shall be permitted to assign its rights or obligations under this Agreement without the prior consent of the other Party; provided, however, that effective as of Closing, but not as a condition to Closing, Purchaser may assign all of their rights and interests hereunder to any of their designees or Affiliates; provided that such assignment shall not relieve Purchaser of any Liability hereunder.

30. Effect and Construction of this Agreement. The captions used herein are for convenience only and shall not control or affect the meaning or construction of the provisions of this Agreement. This Agreement may be executed in one or more counterparts, and all such counterparts shall constitute one and the same instrument. Copies of original signatures sent by facsimile transmission shall be deemed to be originals for all purposes of this Agreement. All gender employed in this Agreement shall include all genders, and the singular shall include the plural and the plural shall include the singular whenever and as often as may be appropriate. When used in this Agreement, the term "including" shall mean "including but not limited to", except when preceded by a negative predicate.

31. Waiver, Discharge, etc. This Agreement shall not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing executed by or on behalf of each of the Parties hereto by their duly authorized officer or representative. The delay or failure of any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of nor impair any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

32. Rights of Persons Not Parties. Nothing contained in this Agreement shall be deemed to create rights in persons not Parties hereto, other than the successors and proper assigns of the Parties hereto.

33. Governing Law; Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard any contrary rules relating to the choice or conflict of laws. The parties acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction to hear and determine any claims or disputes between the parties hereto or any of Seller's creditors or other parties in interest in the Bankruptcy Case affected hereby pertaining directly or indirectly to this Agreement, the Transaction Documents, or to any matter arising herefrom or related hereto. The foregoing notwithstanding, should the Bankruptcy Court be unable to exercise such jurisdiction or decline to exercise such jurisdiction, any claims or disputes arising hereunder shall be adjudicated by any other court of competent jurisdiction in the State of New York.

34. Schedules. Any disclosure made in any Schedule with respect to any representation or warranty contained in Section 15 hereof shall be deemed to have been made to each other representation and warranty in Section 15 to which the applicability of such disclosure is reasonably apparent.

35. Waiver of Jury Trial EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY

LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY

36. Severability. Any provision, or distinguishable portion of any provision, of the Agreement which is determined in any judicial or administrative proceeding to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Parties waive any provision of law which renders a provision hereof prohibited or unenforceable in any respect.

37. Entire Agreement. This Agreement including the schedules, exhibits and the other Transaction Documents, together with the agreements and instruments referenced herein and therein, constitute the entire agreement between the Parties hereto with respect to the subject matter hereof and thereof, and there are no agreements, understandings, restrictions, warranties, or representations between the Parties with respect to the subject matter hereof other than as set forth herein or therein.

38. Post-Closing Assistance. After the Closing, each Party (a “Requesting Party”) shall, from time to time, upon written request therefor, execute and deliver to any other Party, any confirmatory instruments which such Requesting Party may reasonably request in order to consummate the transactions contemplated under this Agreement and/or under the Transaction Documents.

39. Notice. All notices provided for herein shall be made in writing (a)(i) by hand delivery or (ii) by reputable overnight delivery service making delivery against a signed receipt, *and* (b) by email to the following addresses:

To Seller: Chipman Brown Cicero & Cole, LLP
1313 North Market Street
Suite 5400
Attn: William E. Chipman, Jr., Esq.
Email: chipman@chipmanbrown.com

To Purchaser: Allaire Health Services, LLC
115 Dutch Lane Road
Freehold, New Jersey 07728
Attn: Ben Kurland, LNHA, CDP, RAC-CT
Email: bkurland@allairehc.com

with a copy to:

Novack Burnbaum Crystal LLP
675 Third Avenue, 8th Floor
New York, New York 10017
Attn.: Edward H. Burnbaum, Esq.
Email: eburnbaum@nbclaw.com

and

Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Attn: Michael J. Merchant, Esq. and Brendan J. Schlauch, Esq.
Email: merchant@rlf.com
schlauch@rlf.com

Either Party may upon notice to the other change its address for the receipt of notices. Any notices sent as provided herein shall be deemed delivered when actually received, when delivery is refused by the intended recipient, or when delivery is first attempted but cannot be completed due to the intended recipient's failure to provide notice of a change in address.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first set forth.

PURCHASER:

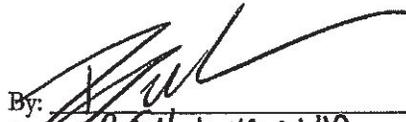
By: _____
Name:
Title: Manager

SELLER:

By: Chas B. Blalack
Name: Chas B Blalack
Title: Managing Partner

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first set forth.

PURCHASER:

By: 
Name: BEN KURLAND
Title: Manager

SELLER:

By: _____
Name:
Title:

EXHIBITS AND SCHEDULES

Exhibit A	-	Definitions
Exhibit B	-	Form of Bill of Sale
Exhibit C	-	Form of General Assignment
Exhibit D	-	Form of Assignment and Assumption of Resident Trust Funds and Deposits
Exhibit E	-	Form of Seller Closing Certificate
Exhibit F	-	Form of Purchaser Closing Certificate
Exhibit G	-	Form of Sale Order
Schedule 1(a)(ii)		Transferred Contracts
Schedule 1(a)(iii)		Assumed Lease

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below or set forth in the section hereof following such term:

“**Affiliate**” means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, “control” (including the terms “controlling”, “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“**Agreement**” shall mean this Asset Purchase Agreement, including all Exhibits and Schedules attached hereto, as modified, amended, supplemented and in effect from time to time.

“**Alternative Transaction**” shall have the meaning set forth in Section 22(l).

“**Alternative Transaction Closing Date**” means the date on which an Alternative Transaction closes.

“**Assignment and Assumption Agreement**” shall have the meaning set forth in Section 4(a).

“**Assignment and Assumption of Resident Trust Funds**” shall have the meaning set forth in Section 20(a)(iv).

“**Assumption and Assignment Procedures**” shall have the meaning set forth in the Bidding Procedures Order.

“**Assumed Lease**” shall have the meaning set forth in Section 1(a)(iii).

“**Assumed Liabilities**” shall have the meaning set forth in Section 4.

“**Auction**” shall have the meaning set forth in the Bidding Procedures Order.

“**Avoidance Actions**” shall have the meaning set forth in Section 1(a)(xii).

“**Back-Up Bid Termination Date**” means two business days after the Alternative Transaction Closing Date.

“**Bankruptcy Case**” means *In re Cedar Haven Acquisition, LLC* Case No. 19-11736 (CSS) pending in the Bankruptcy Court.

“**Bankruptcy Code**” means chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532, *et seq.*

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware.

“**Bidding Procedures**” means the bidding procedures approved pursuant to the Bidding Procedures Order.

“**Bidding Procedures Order**” means the *Order (I) Scheduling a Hearing to Consider Approval of the Sale of Substantially all of the Debtor’s Assets, and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of*

Notice Thereof, and (III) Granting Related Relief [Docket No. 156] entered by the Bankruptcy Court in the Bankruptcy Case.

“**Bill of Sale**” shall have the meaning set forth in Section 20(a)(i).

“**Business**” means the operation of the skilled nursing business and services by Seller at the Facility and all ancillary business and services conducted by Seller at the Facility.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in the State are authorized or required by law to be closed for business.

“**Claim**” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“**Closing**” shall have the meaning set forth in Section 17.

“**Closing Date**” shall have the meaning set forth in Section 17.

“**Closing Statement**” shall have the meaning set forth in Section 20(a)(vi).

“**CMS**” means Centers for Medicare and Medicaid Services.

“**Competing Bids**” shall have the meaning set forth in Section 23(a).

“**Contract Commencement Date**” means the date on which this Agreement is selected by the Seller as the Successful Bid.

“**Cure Costs**” means any and all amounts, costs or expenses that must be paid or actions or obligations that must be performed or satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, as determined by the Bankruptcy Court, to effectuate the assumption by the applicable Seller and assignment of the Transferred Contracts hereunder.

“**Effective Time**” shall have the meaning set forth in Section 17.

“**Employee Schedule**” shall have the meaning set forth in Section 8(a).

“**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“**Excluded Assets**” shall have the meaning set forth in Section 1(b).

“**Excluded Contracts**” mean any contract of the Seller that is not a Transferred Contract or an Assumed Lease.

“**Excluded Liabilities**” shall have the meaning set forth in Section 5.

“**Facility**” shall have the meaning set forth in the Recitals.

“**Facility Employees**” shall have the meaning set forth in Section 8(a).

“**Final Order**” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for

certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or has otherwise been dismissed with prejudice; *provided, however*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024 has been or may be filed with respect to such order or judgment.

“**GAAP**” means United States generally accepted accounting principles, consistently applied, as in effect from time to time.

“**General Assignment**” shall have the meaning set forth in Section 20(a)(ii).

“**Governmental Authority**” means any foreign, domestic, federal, territorial, state or local governmental authority, or any instrumentality, court, legislative body, commission, tribunal or organization of any such governmental authority, or any regulatory, administrative or other agency of any such governmental authority, or any political or other subdivision, department or branch of any of the foregoing.

“**Health Care Law**” means any one or more applicable laws pertaining to or concerned with the establishment, construction, ownership, operation, maintenance, management, use, regulation, development, expansion, construction, and operation of the Facility or any part thereof as it relates to the provision of health care services thereon, and/or the reimbursement of healthcare costs relating thereto, in each case as the same may have been and hereafter may be supplemented, modified, amended, restated or replaced from time to time, including, without limitation, the False Claims Act (31 U.S.C. Section 3729 et seq.), the Anti-Kickback Act of 1986 (41 U.S.C. Section 51 et seq.), the Federal Health Care Programs Anti-Kickback statute (42 U.S.C. Section 1320a-7a(b)), the Ethics in Patient Referrals Act of 1989, as amended (Stark Law) (42 U.S.C. 1395nn), the Civil Money Penalties Law (42 U.S.C. Section 1320a-7a), or the Truth in Negotiations (10 U.S.C. Section 2304 et seq.), Health Care Fraud (18 U.S.C. 1347), Wire Fraud (18 U.S.C. 1343), Theft or Embezzlement (18 U.S.C. 669), False Statements (18 U.S.C. 1001), False Statements (18 U.S.C. 1035), and Patient Inducement Statute and equivalent state statutes or any rule or regulation promulgated by a Governmental Authority with respect to any of the foregoing healthcare fraud laws affecting Seller with respect to the Facility.

“**Hired Employees**” shall have the meaning set forth in Section 8(d).

“**Hired Employees PTO Benefits**” shall have the meaning set forth in Section 8(e).

“**Intangible Personal Property**” shall have the meaning set forth in Section 1(a)(xi).

“**Law**” means any law, rule, regulation, statute, code, ordinance, accreditation standard, resolution, Order, ruling, or promulgation, enforceable guideline or policy imposed, adopted or issued by any Governmental Authority.

“**Liabilities**” means any indebtedness, Claims, damages, lawsuits, liabilities, obligations, losses, fines or other penalties, royalties, proceedings, deficiencies, duties, obligations, contracts, agreements, debts, obligations, interests or other liabilities, whether statutory, regulatory or judicially created, including, without limitation, liabilities under the Provider Agreements and liabilities as a result of violations of Healthcare Laws (whether absolute, accrued, contingent, fixed, liquidated or unliquidated, or otherwise, or whether known or unknown, or whether due or to become due, and whether in Contract, tort, strict liability or otherwise, and whether or not resulting from third-party claims).

“**License Approval**” shall have the meaning set forth in Section 16.

“**Lien**” means any security interest, liens, restrictions and encumbrances of every kind, nature and description.

“**Losses**” means any and all damages, losses, Liabilities, costs and expenses (including, without limitation, reasonable attorney’s fees and expenses).

“**Material Adverse Effect**” means any circumstance, event, effect or change that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to (1) the Business, or the results of operations, or condition (financial or otherwise) of the Facility, taken as a whole, (2) the Transferred Assets; or (3) the ability of Seller to perform its obligations under this Agreement or to consummate the transactions contemplated under this Agreement; provided, that no circumstance, event, effect or change arising out of any of the following shall be deemed to constitute a Material Adverse Effect: (i) any condition, change, effect, or circumstance generally affecting any of the industries or markets in which the Seller operate; (ii) any change in any law or generally accepted accounting principles (or changes in interpretations of any law or generally accepted accounting principles); (iii) general economic, regulatory, or political conditions (or changes therein) or conditions (or changes therein) in the financial, credit, or securities markets; (iv) any acts of God, natural disasters, terrorism, armed hostilities, sabotage, war, or any escalation or worsening of any of the foregoing; (v) the negotiation, execution, announcement, consummation, or existence of this Agreement or the transactions contemplated hereby (including the threatened or actual impact on relationships of Seller with customers, vendors, suppliers, distributors, landlords or employees (including the threatened or actual termination, suspension, modification or reduction of such relationships)); (vi) any action required or permitted to be taken pursuant to the terms of this Agreement or upon the mutual written consent of the Parties; (vii) the failure, in and of itself, of the Seller to meet any published or internally prepared estimates of revenues, earnings or other financial projections, performance measures or operating statistics; and (viii) any litigation or claim threatened or initiated by creditors of Seller against Seller or any of its officers or directors, in each case, arising out of the execution of this Agreement or the transactions contemplated hereby, except in the circumstances contemplated by clauses (i), (ii), and (iii) above, other than to the extent any such condition, change, effect, or circumstance has a material and disproportionate adverse effect on Seller relative to other similarly situated participants in the industries and markets in which Seller operates. A reduction of five percent (5%) or more in the Facility’s average daily census measured for the period from the date of the Sale Order approving this Agreement through March 15, 2020 shall be a Material Adverse Effect.

“**Purchaser**” shall have the meaning set forth in the Recitals.

“**Operations Records**” shall have the meaning set forth in Section 11(a).

“**Order**” means any judgment, order, writ, injunction, decree, determination, or award of any Governmental Authority.

“**Out of Compliance**” means any of the following (A) a finding by a Governmental Authority of one or more deficiencies at the Facility at a “level II” or above in either (x) its most recent standard or complaint survey that has not found to have been corrected such that the Facility is found to be in substantial compliance with applicable Health Care Laws by the applicable Governmental Authority or (y) any prior survey that includes a finding which requires a resurvey which resurvey has not taken place with a finding that the Facility were in substantial compliance; (B) a finding by a Governmental Authority that the Facility has deficiencies that have caused or are likely to cause serious harm, injury, impairment or death if not immediately rectified-to resident health and safety, that has not been corrected in a manner acceptable to the applicable Governmental Authority; (C) a recommendation by a Governmental Authority to the CMS or other Governmental Authority for the imposition against the Facility of civil monetary penalties, or the imposition of same by CMS which cannot be satisfied by the Closing or the imposition of a Corporate Integrity Agreement; (D) a denial of the Facility’s right to admit patients or to receive Medicare or Medicaid payments or reimbursements for existing patients or for new admissions at the Facility; (E) any Facility has been identified by CMS as a “Special Focus Facility” under its Special Focus Facility Program pursuant to 42 U.S. Code §1395i-3(f)(8); (F) the Facility loses its operating license or any material Permit, (G) the Facility has any Provider Agreement revoked or terminated, and (H) the Facility has its number of beds reduced.

“**Outside Closing Date**” shall have the meaning set forth in Section 17.

“**Party**” or “**Parties**” shall have the meaning set forth in the Recitals

“**Patient Agreements**” shall have the meaning set forth in Section 12(a).

“**Patient Care Records**” shall have the meaning set forth in Section 11(a).

“**Payment Programs**” shall have the meaning set forth in Section 13(o).

“**Permitted Liens**” shall have the meaning set forth in Section 1(a).

“**Permits**” shall have the meaning set forth in Section 13(i).

“**Person**” means any individual, sole proprietorship, partnership, corporation, limited liability company, unincorporated society or association, Governmental Authority, estate, trust or other entity or organization,

“**Petition Date**” shall have the meaning set forth in the Recitals.

“**Plan**” or “**Plans**” shall have the meaning set forth in Section 13(j).

“**Property**” shall have the meaning set forth in Section 1(a)(xi).

“**Prorated Items**” shall have the meaning set forth in Section 10(a).

“**Provider Agreements**” shall have the meaning set forth in Section 6(a).

“**Purchase Price**” means Section 2(a).

“**Purchaser**” shall have the meaning set forth in the Recitals.

“**Purchaser’s Transaction Documents**” shall have the meaning set forth in Section 15(b).

“**Receipts Report**” shall have the meaning set forth in Section 9(c).

“**Recoupment Claims**” shall mean any recoupments, recapture, overpayments, fines, set offs, audit Liabilities, penalties or assessments sought or claimed by any Third-party Payor or Governmental Authority for amounts arising from or related to payments to the Facility for services rendered at the Facility prior to the Effective Time, whether arising as a result of cost report or rate audits, utilization reviews, program integrity activities or otherwise.

“**Requesting Party**” shall have the meaning set forth in Section 37.

“**Resident Trust Funds**” shall have the meaning set forth in Section 7(a).

“**Resident Deposits**” shall have the meaning set forth in Section 7(a).

“**Sale**” shall have the meaning set forth in the Bidding Procedures.

“**Sale Order**” means a Final Order entered by the Bankruptcy Court in form and substance satisfactory to Purchaser, substantially in the form attached hereto as Exhibit G. The Sale Order shall, among other things,

(i) permit the sale of the Transferred Assets to the Purchaser free and clear of any and all Liens, assumption of the Transferred Contract by the Debtor, and assignment of the Transferred Contracts to the Purchaser pursuant to Section 363(b) of the Bankruptcy Code, (ii) include a finding of the Purchaser's good faith and provide for finality under Section 363(m) of the Bankruptcy Code and a waiver of the stays set forth in Bankruptcy Rules 6004(h) and 6006(d), (iii) provide that, except for the Assumed Liabilities, the Purchaser is not assuming and shall not be deemed to have assumed, any other Liability of the Seller, or any of its Affiliates, fixed or contingent, disclosed or undisclosed, recorded or unrecorded, currently existing or hereafter arising, or otherwise (including any "successor liability" or any Liability under any Health Care Laws); and (iv) provide for the retention of jurisdiction by the Bankruptcy Court to resolve any and all disputes that may arise under this Agreement, in the Bankruptcy Case as between Sellers and Purchaser.

"**Seller**" shall have the meaning set forth in the Recitals.

"**Seller's Knowledge**" means and refer to the current actual knowledge (as opposed to constructive or imputed) of Chas Blalack, Lynne Hammond, Seller's Facility administrator, director of nursing and financial officer, without independent investigation or inquiry and without any duty to conduct any investigation or inquiry.

"**Seller's Transaction Documents**" shall have the meaning set forth in Section 13(b).

"**SLIB**" shall have the meaning set forth in Section 13(y).

"**State**" shall have the meaning set forth in the Recitals.

"**Successful Bid**" shall have the meaning set forth in the Bidding Procedures.

"**Tangible Personal Property**" shall have the meaning set forth in Section 1(a)(i).

"**Taxes**" means all federal, state, local and foreign taxes, assessments or governmental charges (including net income, gross income, payroll, ad valorem, excise, franchise, occupancy, real property, personal property, sales, use and value-added taxes, taxes withheld from employees' salaries and other withholding taxes and obligations and all deposits required to be made with respect thereto), levies, assessments, deficiencies, import duties, licenses and registration fees and charges of any nature whatsoever, including any interest, penalties, additions to tax or additional amounts with respect thereto.

"**Third-party Payor**" means Medicare, Medicaid, Tricare, Veteran's Administration, commercial and private insurers, managed care company, employee assistance programs, HMOs, preferred provider organizations and any other governmental, commercial, or other organization which maintains a healthcare reimbursement program or policy.

"**Title Company**" means First American Title Company.

"**Transaction Documents**" shall have the meaning set forth in Section 15(b).

"**Transferred Assets**" shall have the meaning set forth in Section 1(a).

"**Transferred Contracts**" shall have the meaning set forth in Section 1(a)(ii).

"**WARN Laws**" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 21.01 et seq. and any other similar provision of any State or federal law governing plant closings and mass layoffs.

“**Warranties**” shall have the meaning set forth in Section 1(a)(vi).

EXHIBIT B

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT, _____ (the "Seller"), for the sum of \$10.00 and other good and valuable consideration to it in hand paid by _____, LLC (the "Purchaser"), does by these presents, sell, assign, transfer and convey unto the Purchaser, all of Seller's right, title, and interest, if any, in and to the Personal Property (as such term is defined in that certain Asset Purchase Agreement dated as of _____, 20__ by and between Purchaser and Seller) AS IS WHERE IS. Seller hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to assign and transfer to Purchaser its rights, title and interest in, the Personal Property.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed and delivered this instrument effective as of _____, 20__.

By: _____

Name:

Title:

EXHIBIT C

GENERAL ASSIGNMENT

THIS ASSIGNMENT, is made effective as of [_____, 20__], by [_____] a [_____] (“Assignor”) to [_____] a [_____] (“Assignee”).

WITNESSETH:

WHEREAS, by that certain Asset Purchase Agreement (the “APA”) by and among Assignor and Assignee, and other parties thereto, Assignor agreed to transfer to Assignee certain personal property and such other assets, as more fully described in the APA (the “Transferred Assets”) (capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the APA); and

WHEREAS, the APA provides, inter alia, that Assignor shall assign to Assignee, certain intangible personal property, including, without limitation, all of the goodwill symbolized and associated with the Facility (collectively, the “Intangible Personal Property”), and any bed rights and other assets located at or used in connection with the Facility, and such other items applicable to the Transferred Assets, as more fully provided in the APA;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby agree as follows:

1. **Transfer of Intangible Property.** To the extent permitted by law, Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under all of Intangible Personal Property including all goodwill symbolized and associated with the Facility, and any bed rights and other assets located at or used in connection with the Facility.

2. **Transfer of Permits.** To the extent permitted by law, Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under Permits as set forth in the APA.

3. **Transfer of Warranties.** To the extent permitted by law, Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under all Warranties as set forth in the APA.

4. **Assumption.** Assignee hereby accepts the foregoing assignment set forth in Sections 1, 2 and 3 hereof, and assumes all of the obligations attendant to such asset being assigned, and all Assumed Liabilities in connection therewith; provided, that said assignment and assumption shall in all respects be subject to the terms of the APA with regard to the rights and obligations of each of the parties hereto with respect to the items assigned hereunder, and in the event that any term of this Assignment shall contradict the APA, the APA shall control.

5. **Miscellaneous.** This Assignment and the obligations of Assignor and Assignee hereunder shall survive the closing of the transactions referred to in the APA shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of Delaware and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith. This Assignment may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

ASSIGNOR

[_____]

By: _____
Name:
Title:

ASSIGNEE

[_____]

By: _____
Name:
Title:

EXHIBIT D

ASSIGNMENT AND ASSUMPTION OF RESIDENT TRUST FUNDS AND DEPOSITS

This Assignment and Assumption Agreement (the “**Assignment**”) is effective as of _____, 2019 and is between [_____] (“**Seller**”), and [_____] (“**Purchaser**”).

Background

A. Seller and Purchaser are parties to an Asset Purchase Agreement (the “**Agreement**”) dated as of _____, 2019, which is incorporated into this Assignment as if fully rewritten in this Assignment (terms defined therein having the same meaning when used herein).

B. It is a condition to the Closing under the Agreement that Seller assign all of their right, title and interest in, to, and under the Resident Trust Funds and Resident Deposits (as such terms are defined in the Agreement) to Purchaser, and that Purchaser assume Seller’s obligations with respect to such Resident Trust Funds and Resident Deposits arising after the Effective Time.

Now, therefore, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties, intending to be bound, hereby agree to incorporate the foregoing recitals into this Assignment and further agree as follows:

1. Seller hereby assigns, transfers and conveys all of its right, title and interest in, to, and under the Resident Trust Funds and Resident Deposits to Purchaser.

2. Purchaser hereby accepts and assumes all liabilities arising after the Effective Time with respect to the Resident Trust Funds and Resident Deposits.

[next page is signature page]

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed and delivered this Assignment as of the date set forth above.

[_____]

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

EXHIBIT E

SELLER OFFICER'S CERTIFICATE

Pursuant to Section 21(a)(vii) of the Asset Purchase Agreement (the "Agreement"), dated as of _____, 20__ between _____ (the "Seller") and _____, LLC (the "Purchaser"), the undersigned, being a duly authorized executive officer of the Seller, does hereby certify that the representations and warranties made by the Seller in the Agreement are true and correct in all material respects as of the Closing Date (as defined in the Agreement) and the covenants to be performed by the Seller pursuant to the Agreement have been performed in all material respects as of the Closing Date (as defined in the Agreement).

By: _____

Name:

Title:

EXHIBIT F

PURCHASER CLOSING CERTIFICATE

Pursuant to Section 21(b)(iv) of the Asset Purchase Agreement (the “Agreement”), dated as of _____, 20__ between _____ (the “Seller”) and _____, LLC (the “Purchaser”), the undersigned, being a duly authorized executive officer of the Purchaser, does hereby certify that the representations and warranties made by the Purchaser in the Agreement are true and correct in all material respects as of the Closing Date (as defined in the Agreement) and the covenants to be performed by the Purchaser pursuant to the Agreement have been performed in all material respects as of the Closing Date (as defined in the Agreement).

_____, LLC

By: _____

Name:

Title:

EXHIBIT G

FORM OF SALE ORDER

Schedule 1(a)(ii)

TRANSFERRED CONTRACTS

None

Schedule 1(a)(iii)

ASSUMED LEASE

Non-Debtor Counterparty	Subject Lease
590 South 5th Avenue, LLC	Lease