

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of this 1st day of May, 2014 (the "Agreement"), by and between County Commissioners of Frederick County, Maryland (the "County"), a body politic and corporate and a political subdivision of the State of Maryland, and Aurora Holdings VII, LLC, a Maryland limited liability company (the "Purchaser"), (the County and the Purchaser being sometimes referred to herein as the "Parties").

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the County owns and operates the Citizens Care and Rehabilitation Center, a 170-bed skilled nursing facility (the "CCRC") and the Montevue Assisted Living Facility, a 75 unit assisted living facility ("MALF" and, together with the CCRC, the "Facility"), located at 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702; and

WHEREAS, the County has determined that efficiency in government services is an important goal throughout the State of Maryland given the fiduciary responsibility to the taxpayers and given the state of fiscal affairs presently existing within the State and within the County; and

WHEREAS, the County has determined that the Facility and real property associated therewith are no longer required for governmental purposes, and to effectuate the transfer of ownership and operation of the Facility and associated real property to a private operator via the sale or conveyance of the Facility and associated buildings, real property, and other assets; and

WHEREAS, pursuant to a public hearing held on June 25, 2013, the County has agreed to sell and the Purchaser has agreed to purchase, and accept the transfer of, the Facility Assets (as defined herein), pursuant to the terms of this Agreement; and

WHEREAS, the County, and the Purchaser desire to enter into this Agreement to establish the terms and conditions under which the Purchaser initially lease the Facility and receive a transfer of the CCRC Licensed Capacity and the MALF Licensed Capacity pursuant to a "Facility Lease" (as described herein), and upon the satisfaction of certain conditions precedent, Purchaser will acquire the Facility Business Assets and the Facility Real Property (as both terms are defined herein) and the terms and conditions under which the County will transfer the Facility Business Assets to the Purchaser at the "Initial Property Closing" (as defined herein) and will transfer the Facility Real Property to the Purchaser at the "Land Closing" (as defined herein).

NOW, THEREFORE, in consideration of the mutual premises and obligations set forth herein, the Parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

GENERAL

Section 1.1 Definitions. Words and terms that are used herein as defined terms shall (unless otherwise defined herein or unless the context clearly requires otherwise) have the following meanings:

"Acquisition Price" means collectively, the "Initial Acquisition Price" and the "Land Acquisition Price" to be paid by the Purchaser to the County under this Agreement for the purchase of the Facility Assets at the Initial Property Closing and the Land Closing.

"Act of Bankruptcy" means that the Purchaser (a) shall have commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or, liquidator of all or a substantial part of its assets; (b) shall have failed, or admitted in writs inability generally, to pay its debts as such debts become due; (c) shall have made a general assignment for the benefit of creditors; (d) shall have been adjudicated a bankrupt, or shall have filed a petition or an answer seeking an arrangement with creditors; (e) shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; or (f) an order, judgment or decree for relief in respect of the Purchaser shall have been entered in an involuntary case, without the application, approval or consent of the Purchaser by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator for the Purchaser or for a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred eighty (180) consecutive days; (g) the Purchaser shall have filed a voluntary petition in bankruptcy; (h) the Purchaser shall have failed to remove an involuntary petition in bankruptcy filed against it within one hundred eighty (180) days of the filing thereof; or (i) an order for relief shall have been entered against the Purchaser under the provisions of the United States Bankruptcy Act, 11 U.S.C.A. § 301.

"Agreement" means this "Asset Purchase Agreement," including the Schedules hereto and any written amendments hereof or supplement hereto that may be executed from time to time by the Parties hereto.

"ALTA Policy" means a Standard American Land Title Association Owner's Form Policy of Title Insurance with respect to the Facility Real Property, issued by a title insurance company selected by the Purchaser and authorized to insure titles to real property in the State.

"Applicable Laws" means the CCRC License, the MALF License and any statute, law, constitution, charter, ordinance, resolution, judgment, order, decree, rule, regulation, directive, interpretation, ordinance, standard or similarly binding authority, which shall be enacted, adopted, promulgated, issued or enforced by a Governmental Body relating to the Purchaser, the Facility, the Facility Business Assets, the Facility Real Property, the County (to the extent related to the Facility and/or the Facility Business Assets), including, but not limited to, permits, licenses, certificates of occupancy.

"Assumed Contracts" is defined in Section 2.14.

"Buildings and Improvements" means the buildings, sidewalks, parking lots, landscaping, driveways and all other structures and site improvements located on the Facility Real Property.

"CCRC" means the Citizens Care and Rehabilitation Center, a 170-bed skilled nursing facility, located at 1920 Rosemont Avenue, Frederick, Maryland 21702, that is presently owned and operated by the County.

"**CCRC License**" means the license issued by the DHMH to the County, pursuant to which the County operates the CCRC as a 170-bed skilled nursing facility, together with all other rights and obligations the County may have.

"**CCRC Licensed Capacity**" means the number of licensed beds (170) at the CCRC, as evidenced by the CCRC License.

"**Contract Date**" means the date of execution of this Agreement by all Parties.

"**County**" means County Commissioners of Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

"**Deed of Easement**" means the Deed of Easement in the form attached as Exhibit C, to be granted at the Initial Property Closing by the County in favor of the Purchaser, pursuant to which the County shall grant an easement over, upon, under, across and through the Facility Real Property for the benefit of the Purchaser.

"**DHMH**" means the Maryland Department of Health and Mental Hygiene, or any successor agency to which the powers of the DHMH have been transferred.

"**DHMH Approval**" means approval by the DHMH of the transfer of the CCRC Licensed Capacity and the MALF Licensed Capacity from the County to the Purchaser, and the approval by the DHMH to issue licenses to the Purchaser to operate the CCRC and the MALF.

"**Environmental Laws**" means all federal, state, county and local laws, rules, ordinances, regulations, governmental, administrative or judicial orders or decrees or other legal requirements of any kind governing pollution or contamination of the environment, occupational health and safety.

"**Environmental Permits**" means all permits, authorizations, approvals, registrations, certificates, licenses or consents required by Environmental Laws in connection with the County's ownership of the Facility Assets and the County's operation of the Facility.

"**Escrow Agent**" is defined in Section 2.5.

"**Event of Default**" means any event which is specified as such under the terms of Article VI hereof.

"**Excluded Assets**" is defined in Section 2.3.

"**Excluded Liabilities**" is defined in Section 2.20.

"**Facility**" means, collectively, the CCRC and MALF.

"**Facility Assets**" means, collectively, the Facility Business Assets, the CCRC Licensed Capacity, the MALF Licensed Capacity and the Facility Real Property all as set forth in Section 2.2 hereof.

"Facility Business Assets" means Buildings and Improvements located on the Facility Real Property and comprising the Facility, and all assets used in connection with the operation of the Facility (other than the Facility Real Property, the CCRC Licensed Capacity and the MALF Licensed Capacity), including all of the personal property located within and related to the operation and maintenance of the Facility, including without limitation, (a) all equipment, machinery, fixtures, furniture, supplies, vehicles, computers and software belonging to the Facility and located within the Facility Real Property, (b) medical and business records (to the extent that transfer of such records is permitted under the provisions of applicable law), (c) assignment of residents' trust accounts; (d) assignable rights under leases, contracts, accounts and franchises; (e) all of the items described in Section 2.2(c) hereof; and (f) such other tangible property as shall be agreed to by the County and the Purchaser.

"Facility Lease" means the lease of (i) the Facility Real Property and (ii) the Facility Business Assets, from the County to the Purchaser in the form attached as Exhibit H, pursuant to which the Purchaser and its Affiliates will lease and operate the Facility.

"Facility Lease Closing Date" means May 1, 2014 or such later date when the Facility Lease is executed after the appropriate Governmental Bodies have approved the transfer of the CCRC Licensed Capacity and the MALF Licensed Capacity to the Purchaser or its designee, and the DHMH Approval has been obtained.

"Facility Lease Effective Date" means the date on which the Facility Lease, by its terms, becomes effective.

"Facility Real Property" means the real property located at 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702, comprised of approximately 7.538 acres and described more particularly on Exhibit A, but excluding the improvements thereto which are included in the Facility Business Assets.

"Governmental Body" means, as appropriate, anyone or several of: the United States of America, the State, the County, or any court of competent jurisdiction, agency, authority, regulatory body or political subdivision of the United States of America, the State or the County that may have jurisdiction over or power and authority to regulate the Purchaser, the Facility, the Facility Assets and/or the County (to the extent related to the Facility and/or the Facility Assets).

"Ground Lease" means the Ground Lease in the form attached as Exhibit B, to be entered into at the Initial Property Closing by and between the County and the Purchaser, pursuant to which the County shall lease the Facility Real Property to the Purchaser.

"Indemnity Deposit" is defined in Section 2.1(a).

"Indemnity Escrow Agreement" means the Indemnity Escrow Agreement in substantially the form of Exhibit G hereto.

"Initial Property Closing" means the closing to be conducted pursuant to Section 2.1 hereof, at which time the Facility Lease shall terminate and the County shall transfer ownership of the Facility Business Assets and any residual interest in, the CCRC Licensed Capacity and the MALF Licensed Capacity to the Purchaser, and the County shall grant the Buildings and

Improvements Deed (defined in Section 2.1), the Deed of Easement and, together with Purchaser, enter into the Ground Lease.

"Initial Property Closing Conditions" means (i) the Purchaser or its Affiliates have received the DHMH Approval, (ii) the County shall have obtained a judicial determination reasonably satisfactory to the Purchaser that the operation of the Facility and the ownership of the Facility Real Property and Facility Business Assets are not restricted or encumbered by the provisions of the Indenture dated September 2, 1828 recorded in the Land Records of Frederick County, Maryland at Liber No. 30, folio 157 relating to the "Benefit of the Poor" (the "1828 Deed"), and (iii) the Purchaser is able to obtain an ALTA Policy at regular rates insuring the Ground Lease and title to the Buildings and Improvements without exception for the 1828 Deed.

"Initial Property Closing Date" shall mean the date on which the Initial Property Closing is held, as provided in Section 2.1 hereof.

"Land Closing" means the closing to be conducted pursuant to Section 2.9 hereof, at which time the County shall convey title to the Facility Real Property, and the Ground Lease and Deed of Easement shall be terminated.

"Land Closing Conditions" means the satisfaction of the following conditions: (i) the County shall have obtained final approval for the subdivision of the Facility Real Property from other land of the County (the "Subdivision"), (ii) all litigation shall have been concluded or resolved in a manner which allows the Subdivision to proceed and confirms that the Facility Real Property is not restricted or encumbered by the terms of the 1828 Deed, (iii) all periods for appealing the approval of the Subdivision have expired without further appeals being taken, (iv) the plat of Subdivision has been recorded in accordance with Applicable Laws, and (v) all costs and expenses of the foregoing have been paid by the County.

"MALF" means the Montevue Assisted Living Facility, a 75 unit assisted living facility, located at 1910 Rosemont Avenue, Frederick, Maryland 21702, that is presently owned and operated by the County.

"MALF License" means the license issued by the DHMH to the County, pursuant to which the County operates MALF as a 75 unit assisted living facility, together with all other rights and obligations the County may have.

"MALF Licensed Capacity" means the number of licensed units (75) at MALF, as evidenced by the MALF License.

"Material Adverse Change" means a material adverse change in the business, assets, condition, or operations of the Facility business taken as a whole.

"Permitted Encumbrances" means any of the following encumbrances to the extent that such encumbrances do not materially impair the ability of the Purchaser to utilize or finance the Facility Real Property in the manner contemplated by the terms of this Agreement:

(a) minor defects and irregularities in the title to the Facility Real Property that do not materially impair use of the Facility Real Property in the manner contemplated by the terms of this Agreement or render title to the Facility Real Property unmarketable;

(b) easements, exceptions, restrictions or reservations, and rights-of-way for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, highways, railroad purposes, drainage and sewerage purposes, or canals, laterals, ditches, and other like purposes, or for the joint and common use of the Facility Real Property that do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held; provided, however, that the ALTA Policy issued at Closing affirmatively insures against the Purchaser's loss or damage arising out of or relating to such items or by reason of any encroachment, overlap, boundary dispute or private easement, and further insures that none of such items interfere with the use of the Facility Real Property as a long term care facility;

(c) rights reserved to or vested in any municipality or governmental or other authority to control or regulate or use in any manner any portion of the Facility Real Property which do not materially impair the use of such property in the manner contemplated by the terms of this Agreement;

(d) any obligations or duties affecting any portion of the Facility Real Property of any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit; and

(e) present or future zoning laws and ordinances.

"Phase I Report" means that certain environmental assessment report provided to the Purchaser by the County conducted by ECS Mid Atlantic LLC dated February 1, 2013, as updated by the Limited Phase II Subsurface Investigation, dated August 14, 2013, prepared by AEI Consultants.

"Purchaser" means Aurora Holdings VII, LLC, or its successors or permitted assigns.

"State" means the State of Maryland.

Section 1.2 Interpretation. The terms "herein," "hereunder," "hereby," "hereto," "hereof," and similar terms, refer to this Agreement; the term "heretofore" means before the Contract Date; and the term "hereafter" means after the Contract Date. Unless otherwise noted, the words "include," "includes," and "including," as used in this Agreement, shall be deemed to be followed by the phrase "without limitation." The words "agree," "agreements," "approval," and "consent," as used in this Agreement shall be deemed to be followed by the phrase "which shall not be unreasonably withheld or unduly delayed," except as may otherwise be specified.

Words importing the masculine gender include the feminine gender or the neuter and vice versa, as the case may be. Words importing the singular number include the plural number and vice versa.

Section 1.3 Time of the Essence. All dates and times set forth in this Agreement are "OF THE ESSENCE", the specified time and dates in this Agreement shall be performed on or before such time as set forth in this Agreement.

ARTICLE II

CONVEYANCE OF THE FACILITY ASSETS

Section 2.1 Facility Lease; Initial Property Closing; Land Closing.

(a) In order to effectuate the transactions contemplated by this Agreement, on the terms and conditions set forth below, the County shall enter into the Facility Lease with the Purchaser on the Facility Lease Closing Date and the County shall, by virtue of the Facility Lease, transfer the CCRC Licensed Capacity and the MALF Licensed Capacity to Purchaser, with the intention that Purchaser and/or its Affiliates shall assume the operation of the Facility as its licensed operator and begin paying monthly rent on the Facility Lease Effective Date, all on the terms set forth in the Facility Lease. Prior to the Facility Lease Effective Date, Seller shall determine from its to be Transferred Employees the amount of accrued annual leave, paid time off, and sick leave (up to a maximum of 96 hours) that the Transferred Employees wish to carry with them to their employment with Purchaser. Purchaser shall receive a credit as of the Facility Lease Effective Date (which may be applied against amounts due from the Purchaser, including payments due for the purchase of the County's accounts receivable as provided in Section 7.23) which will reflect (1) the total amount of accrued but unpaid annual leave, accrued paid time off, and up to a maximum of 96 hours of accrued sick leave applicable to the period prior to the Facility Lease Effective Date that the Transferred Employees wish to move to their employment with the Purchaser (collectively the "Unpaid Benefit Amount"), (2) the Two Hundred Thousand (\$200,000) bid deposit (the "Deposit") previously paid by the Purchaser to the County, and (3) the design and engineering fees to develop plans for the completion of the unfinished parking lot at the rear of the Facility. On the Facility Lease Effective Date, the Purchaser shall assume the "Assumed Contracts" which shall be assigned by the County in accordance with Section 2.14 and the Assignment and Assumption Agreement in the form attached as Exhibit E, and acquire the County's accounts receivable, as provided in Section 7.23, pursuant to a bill of sale in the form attached as Exhibit F-1. In addition, the parties will execute the Indemnity Escrow Agreement in the form attached as Exhibit G. On the Facility Lease Effective Date, the parties agree that the existing management agreement between the County and an affiliate of the Purchaser shall terminate without regard to any notice provisions set forth therein, subject to the payment of any amounts due thereunder.

Subsequent to the Facility Lease Effective Date, the County shall complete the unfinished parking lot at the rear of the Facility as provided in the Facility Lease, and on July 1, 2014, the County shall deliver to the Escrow Agent a portion of the Initial Acquisition Price in the amount of Three Hundred Thousand Dollars (\$300,000.00) (the "Indemnity Deposit"), which shall be held pursuant to the Indemnity Escrow Agreement as security for the County's performance of its obligations under Section 6.9(b).

(b) Thereafter, upon satisfaction of the Initial Property Closing Conditions, on the Initial Property Closing Date, the County shall (1) convey the Facility Business Assets described in Section 2.2(b) to the Purchaser including transfer of title to the Buildings and

Improvements by Special Warranty Deed in the form attached hereto as Exhibit D-1 (the "Buildings and Improvements Deed"), (2) execute and deliver the Ground Lease and the Deed of Easement, (3) assign and transfer to the Purchaser any and all remaining rights the County may have in respect of the CCRC Licensed Capacity and the MALF Licensed Capacity and licensed and/or approved beds or units at the Facility, to the extent permitted, and (4) otherwise comply with Section 2.2. The Facility Lease, by its terms, shall terminate on the Initial Property Closing Date.

(c) Upon satisfaction of the Land Closing Conditions, the County and the Purchaser shall complete the purchase of the Facility Real Property as provided in Section 2.9 hereof.

Section 2.2 Description of Facility Real Property and Assets.

(a) Facility Real Property.

(i) The Facility Real Property is the property more particularly described on Exhibit A attached hereto.

(ii) At the Initial Property Closing, the County will convey a leasehold interest in the Facility Real Property to the Purchaser via the Ground Lease, and will convey an easement to the Facility Real Property via the Deed of Easement and title to the Buildings and Improvements by the Buildings and Improvements Deed. At the Initial Property Closing, the County shall pay off, release or otherwise extinguish all liens or encumbrances affecting the Facility Real Property other than the Permitted Encumbrances.

(iii) In conveying the Facility Real Property at the Land Closing, the County shall also convey to the Purchaser all right, title, and interest of the County, if any, in and to (i) the land constituting any public street, road or avenue, opened or proposed, in front of, adjoining or dissecting the Facility Real Property, (ii) all privileges appurtenant or related to the Facility Real Property, and (iii) all easements, rights-of-way of use, privileges, licenses, appurtenances and rights belonging or appertaining to the Facility Real Property, except as set forth in Schedule 2.2(a). In no event shall this transfer include that County-owned access road adjacent to the southern boundary of the Facility Real Property (the "Access Road") which provides access to other County operations at the County's Montevue facilities, but shall include a non-exclusive easement to the use of such Access Road.

(b) Facility Business Assets. The Facility Business Assets include the following:

(i) Licensed Skilled Nursing Care Beds. All right, title and interest to One Hundred Seventy (170) licensed skilled nursing beds comprising the CCRC Licensed Capacity under the CCRC License.

(ii) Licensed Assisted Living Units. All right, title and interest to Seventy-Five (75) licensed assisted living units comprising the MALF Licensed Capacity under the MALF License.

(iii) Fixtures and Improvements. All buildings, works, structures, fixtures, construction in progress, improvements, betterments, installations, and additions constructed, erected, or located on or attached or affixed to the Facility Real Property and which are owned by the County.

(iv) Vehicles. All certificated vehicles (collectively the "Vehicles") listed on Schedule 2.2(b)(iv).

(v) Furniture and Equipment. All beds, furniture, medical and nursing equipment, materials, appliances, spare parts, supplies, and other tangible personal property of every kind, character, and description (other than the inventories referred to in Section 2.2(b)(vi)) owned by the County and located on, and used at or primarily in connection with, the Facility and/or the Facility Real Property as of the Initial Property Closing, including without limitation the assets and properties listed on Schedule 2.2(b)(v).

(vi) Inventories. All inventory (including food, supplies and drugs) on hand on the Closing Date. The present quantity of such inventory is sufficient for the County to serve adequately the patients of the Facility in the ordinary course.

(vii) Computers. To the extent assignment is permitted by any third party, all of the County's computer equipment and hardware including without limitation all central processing units, terminals, disk drives, tape drives, electronic memory units, printers, keyboards, screens, peripherals (and other input/output devices), modems and other communication controllers, and any and all parts and appurtenances thereto, located on, and used at or primarily in connection with the Business and/or the Real Property, as of the Initial Property Closing, and specifically including without limitation the computer equipment and hardware listed on Schedule 2.2(b)(vii).

(viii) Intellectual Property. To the extent assignment is permitted by any third party owner, all intellectual property relating to, or used in connection with the operation of, the Facility and/or the Facility Real Property, including without limitation the intellectual property listed on Schedule 2.2(b)(viii), and all rights to recover for infringement thereon.

(ix) Trade Names and Telephone Numbers. All right, title, and interest of the County in and to the names (including any website domain name) and telephone numbers listed on Schedule 2.2(b)(ix), and any derivative thereof, together with any goodwill associated with such name.

(x) Permits. To the extent assignable, all right, title, and interest of the County in, to, and under all permits and licenses (the "Permits") relating to, or used in connection with the operation of, the Facility and the Facility Real Property, or relating to the use, operation or enjoyment of the Facility Business Assets including without limitation the Permits listed on Schedule 2.2(b)(x).

(xi) Personal Property Leases. To the extent assignable, all right, title, and interest of the County in, to, and under the personal property leases (the "Leases") listed on Schedule 2.2(b)(xi), and all rights (including rights of refund and

offset), privileges, deposits, claims, causes of action, and options in favor of the County relating or pertaining to the Leases or any thereof.

(xii) Contracts. All right, title, and interest of the County in, to and under the contracts and agreements listed on Schedule 2.2(b)(xii), and all rights (including rights of refund and offset), privileges, deposits, claims, causes of action, and options in favor of the County relating or pertaining to such contracts and agreements or any thereof (collectively, the "Contracts"), specifically accepted by the Purchaser.

(xiii) Books and Records. Copies of all books, records of the County of whatever nature and wherever located that relate to the Assets or the operation of the Facility and that are necessary for the Purchaser's operation of the Facility after the Facility Lease Effective Date, including without limitation all financial and accounting records and all books and records relating to employees, the purchase of materials, supplies, and services, product research and development, the manufacture and sale of products, and dealings with customers, vendors, and suppliers of the Facility, and including, to the extent assignment is permitted by any third party owner thereof, computerized books and records and other computerized storage media and the software (including documentation and object and source codes) used in connection therewith.

(xiv) Patient and Supplier Data. For the four (4) year period prior to the Facility Lease Effective Date, all patient lists and patient data, vendor lists and vendor data, supplier lists and supplier data, and sales and promotional material and other sales related material relating to, or used in connection with the operation of, the Facility.

(xv) Surveys, Maps, and Diagrams. All surveys, maps, and building and machinery diagrams and plans in the possession of the County relating to the Facility Assets.

(xvi) Deposits. All right, title, and interest of the County in and to all of the resident security deposits (collectively, the "Deposits").

(xvii) Other Rights. All rights, claims, and causes of action of the County against third parties (including the County's predecessors in title to the Facility Business Assets) in respect of the Facility or the Facility Assets, including without limitation insurance claims, unliquidated rights under manufacturers' and vendors' warranties, rights of recovery, set offs, and credits.

(xviii) Warranty Claims. All warranties and all rights, claims, and causes of action of the County under or pursuant to all warranties, representations, indemnifications, hold harmless provisions, and guarantees made by suppliers, licensors, manufacturers, contractors, and others (including the County's predecessors in title to the Facility Business Assets) in respect of the Facility or the Facility Assets.

Section 2.3 Excluded Assets. Notwithstanding any statement or provision contained in this Agreement to the contrary, the following Facility Assets which are associated with the County's operations of the Facility are not intended by the parties to be a part of the Facility Assets that are being purchased hereunder and are hereby expressly excluded from such

purchase and the definition of the terms "Facility Assets" or "Facility Business" (collectively, the "Excluded Assets"):

(a) cash and cash equivalents as of the Facility Lease Effective Date, including investments in marketable securities, certificates of deposit, bank accounts, temporary investments, and the prepaid expenses and deposits listed on Schedule 2.3(a), List of Cash and Cash Equivalents;

(b) all other current assets of the County of the type historically included in the County's calculation of its net working capital or shown on its balance sheets;

(c) all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by the County to any third party with respect to periods prior to the Facility Lease Effective Date, and rights to settlements and retroactive adjustments, if any, whether arising under a cost report of the County or otherwise, for cost reporting periods ending at or prior to the Facility Lease Effective Date, whether open or closed, arising out of or relating to the County's arrangements with any payor;

(d) all inventory, prepaid expenses and other Assets disposed of, expended or exhausted prior to the Facility Lease Effective Date in the ordinary course of business and items of equipment and other Facility Business Assets transferred or disposed of prior to the Facility Lease Effective Date in a manner permitted in this Agreement;

(e) all records or other materials that the County is required by law to retain in its possession and all records related to the Excluded Assets or the Excluded Liabilities, as well as charter documents, minute books, stock ledgers, tax identification numbers, books of account and other constituent records relating to the organization of the Facility;

(f) except for the policy and procedure manuals that constitute Facility Business Assets under Section 2.2(b)(xii), above, the County's employee or operation manuals, third party reimbursement systems and manuals, policies and procedures, and all information that does not pertain to the continuing operations of the Facility;

(g) rights of recovery, rights of setoff, claims, defenses, demands and causes of action of any nature available to or being pursued by the County at the Facility Lease Effective Date, that arise out of the operations of the Facility or the Facility Business Assets prior to the Facility Lease Effective Date, whether or not accrued and whether or not disclosed, and all rights and defenses in respect of indebtedness and other obligations not assumed by the Purchaser hereunder;

(h) rights to tax refunds or claims under or proceeds of insurance policies related to the Facility or the Facility Assets resulting from periods prior to the Facility Lease Effective Date, and the right to pursue appeals of the same;

(i) the intellectual property not used at the Facility;

(j) other than as specified in Sections 2.2(b)(viii) and 2.2(b)(ix), all trade names, trademarks and service marks (or variations thereof), copyrights, symbols, logos, domain

names, email addresses and any other business names that are proprietary to the County, all goodwill associated therewith, and all applications and registrations associated therewith, together with any promotional material, stationary, supplies or other items of inventory bearing such names or symbols or abbreviations or variations thereof;

(k) other than as specified in Section 2.2(b)(vii), all software installed on personal computers or servers owned by the County and located at the Facility, together with all computer or software manuals, procedures and other materials relating thereto;

(l) reserves or prepaid expenses related to the Excluded Assets and the Excluded Liabilities;

(m) all employee benefit plans and funds and accounts of all employee retirement, deferred compensation, health, welfare or benefit plans and programs, and any contracts or agreements related thereto, and any Facility Asset that would revert to the employer upon the termination of any employee benefit plan, including assets representing a surplus or overfunding of any employee benefit plan;

(n) all writings and other items protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;

(o) the electronic funds transfer accounts of the Facility into which payments are made on account of patient accounts receivable and all information necessary to access such accounts; and

(p) accrued payroll and taxes relating thereto;

(q) rights that accrue to the County under all of the County's contracts and agreements that are not included in the Assumed Contracts and under this Agreement;

(r) leased multi-function printers listed on Schedule 2.3(r); and

(s) County-owned laptop computers on loan to the Facility as of the Facility Lease Effective Date, as listed on Schedule 2.3(s).

Section 2.4 Initial Acquisition Price for Assets Conveyed at Initial Property Closing.

(a) With respect to the conveyance of the Facility Business Assets (including the Buildings and Improvements Deed) the transfer of any remaining interest in the CCRC Licensed Capacity and the MALF Licensed Capacity, and the conveyance of the leasehold estate and easement pursuant to the Ground Lease and the Deed of Easement by the County to the Purchaser, the Purchaser shall pay the Initial Acquisition Price to the County. The Initial Acquisition Price shall be a total of Twenty-Nine Million Six Hundred Thousand Dollars (\$29,600,000) and other good and valuable consideration set forth in this Agreement. Except as specifically provided in this Agreement, payment in full of the Initial Acquisition Price by the Purchaser shall be made on the Initial Property Closing Date.

(b) At the Initial Property Closing, the Purchaser shall deliver to County the Initial Acquisition Price (as such amount may be adjusted pursuant to this Agreement) in immediately available funds, by certified check, bank check, or electronic wire transfer to the County's designated bank account.

(c) Certain expenses shall be apportioned as of the Facility Lease Effective Date, the Initial Property Closing Date or the Land Closing Date, as provided in this Agreement. As of the Facility Lease Effective Date, expenses of a recurring nature that are incurred in connection with the Facility in the ordinary course of business which are the responsibility of the Purchaser, as tenant under the Facility Lease, including those set forth below, shall be prorated in accordance with generally accepted accounting principles, so that all such expenses for periods on or prior to the Facility Lease Effective Date shall be for the account of the County, and all such expenses for periods after the Facility Lease Effective Date shall be for the account of the Purchaser and any such adjustments shall be added or deducted from the amounts due at the Facility Lease Effective Date.

(i) Current water, sewer, storm water, drainage and other fees or assessments levied by any governmental entity, if any, for the Facility Assets shall be apportioned between the Purchaser (on the one hand) and the County (on the other hand) as of the Facility Lease Effective Date.

(ii) The full amount of all unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments of which the first installment is due or payable on or prior to the Initial Property Closing Date, shall be deducted from the Acquisition Price. The amounts of any unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments due or payable after the Initial Property Closing Date shall be apportioned as of the Initial Property Closing Date.

(iii) All amounts prepaid or payable under the leases, contracts, accounts and franchises being transferred hereunder shall be apportioned as of the Facility Lease Effective Date. The County shall prepare and deliver to Purchaser, prior to the Facility Lease Effective Date, a written statement which shall set forth all prepayments of private pay or other patient revenues on account of services to be rendered or supplied on or after the Facility Lease Effective Date that were received by the County prior to the Facility Lease Effective Date.

(iv) Any and all real and personal property taxes accruing on and after the Initial Property Closing Date shall be the sole responsibility of the Purchaser. The Purchaser understands that the Facility Assets have been exempt from Maryland real and personal property taxes based on the governmental status of the County, that such exempt status will no longer apply as of the Initial Property Closing Date, and that the Purchaser has sole responsibility for obtaining property or other tax exemptions that may be available for Facility Assets.

(v) The Purchaser understands that Maryland sales and use tax will apply to any portion of the Initial Acquisition Price allocable to assets subject to such taxes and that it is the Purchaser's responsibility to (A) pay any and all such taxes or (B)

provide the County with documentation demonstrating entitlement to an exemption, if applicable, from such taxes.

(vi) In the event that any of such items cannot be determined at or prior to Facility Lease Effective Date or the Initial Property Closing (as applicable) the parties agree to adjust such items as soon as determinable after the Initial Property Closing, which obligation shall survive the Initial Property Closing.

(d) The County shall pay for preparation of the Buildings and Improvements Deed and one-half of all applicable transfer and recordation taxes associated with the transfer. The Purchaser shall pay (i) for recording the Buildings and Improvements Deed, (ii) for one-half of all recordation and transfer taxes associated with the transfer, (iii) for all searches, survey, all title company settlement charges and title insurance costs and (iv) for all other conveyancing and closing expenses. Each party shall pay its own legal fees.

Section 2.5 Escrow Agent. On July 1, 2014, the County shall place the Indemnity Deposit with the County's escrow agent, Wilmington Trust Company, NA (the "Escrow Agent"). The Indemnity Deposit shall be kept by the Escrow Agent in a non-interest bearing trust account, and shall be applied in accordance with the Indemnity Escrow Agreement.

Section 2.6 Allocation of Acquisition Price. The Purchaser and the County agree to allocate the Acquisition Price in accordance with the allocation set forth on Schedule 2.6, to be bound by such allocation, to account for and report the purchase and sale of the Facility Assets contemplated hereby for federal and state tax purposes in accordance with such allocations, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), that is inconsistent with such allocations without the prior written consent of the other Party. In this regard, the Parties agree that, to the extent required, they will each properly prepare and timely file form 8594 in accordance with Section 1060 of the Internal Revenue Code, as amended (the "Code"). The Purchaser understands that the County financed certain costs of the Facility Assets with proceeds of various the County's bond issues, the County must take certain remedial or other actions in order to preserve the tax-advantaged status of those bonds for federal income tax purposes, and the allocation of the Acquisition Price for County purposes may be established in connection with such remedial or other actions.

Section 2.7 Representations of the County.

(a) With respect to the Facility Real Property, the County represents to the Purchaser, as follows:

(i) The County has provided the Purchaser with a survey with respect to the Facility Real Property. The County represents that, to the best of its knowledge, such survey is true and accurate as of the date hereof.

(ii) The County represents that the County has or will have on the Land Closing Date, good, valid and marketable title to the Facility Real Property, free and clear of all liens, mortgages, deeds of trust, judgments, pledges, title defects, encumbrances, leases, security interests (UCC or otherwise, including without limitation, security agreements, chattel mortgages, conditional sale contracts, collateral security

agreements, leases and other title or interest retention arrangement), actions, claims, charges, conditions or restrictions of any nature whatsoever, except the Permitted Encumbrances. Marketable title, for purposes of this subsection 2.7(a) shall be such title as will be insured at regular rates by the Title Insurer on the ALTA Policy, without exception, except for Permitted Encumbrance. Neither the whole nor any portion of the Facility Real Property has been condemned or otherwise taken by any public authority during the County's ownership of the Facility Real Property, and to the best of the County's knowledge no such condemnation or taking is threatened or contemplated. Except as otherwise disclosed to the Purchaser, there are no agreements, written or oral, affecting the occupancy of the Facility Real Property, and no person, firm or corporation has any right, title or interest to possession of the Facility Real Property (or any portion thereof) or to possession of the Facility Real Property as a tenant of the County.

(iii) The County represents that, except as set forth in Schedule 4.2(d), to the best of its knowledge there are no outstanding notices or orders from any governmental authority with respect to the condition of the Facility Real Property or with respect to any claim of violation of laws, ordinances, statutes, codes, regulations and orders applicable thereto. Any notices issued by any Governmental Body with respect to the Facility Real Property subsequent to execution of this Agreement shall be cured at the County's cost as soon as reasonably possible by the use of diligence after receipt of such notice. If any such notices are issued and not cured, then such notices of violation shall be deemed to be an objection to title and the Purchaser shall have the right set forth in Section 2.9 hereof with respect thereto.

(b) With respect to the Facility Business Assets, the County represents to the Purchaser, as follows:

(i) The County shall convey to the Purchaser at the Initial Property Closing all of its right, title, and interest in and to the Facility Business Assets by the Buildings and Improvements Deed, bills of sale and other appropriate documents reasonably satisfactory to the Purchaser, free and clear of any claim, suit, proceeding, restriction, limitation, security interest, pledge, lien or encumbrance of any kind or nature, except as otherwise provided herein.

(ii) The Facility Business Assets are as of the Contract Date, and will be as of the Facility Lease Effective Date, (i) in good repair and condition, (ii) suitable and sufficient for the conduct of the present business of the Facility, and (iii) free and clear of any claim, lease, mortgage, security interest, conditional sale agreement or other title retention agreement, restriction or lien or encumbrance.

Section 2.8 Initial Property Closing and Land Closing. The consummation of the sale and purchase of the Facility Business Assets and the Facility Real Property as contemplated by and described in this Agreement (the "Initial Property Closing" and the "Land Closing" respectively) shall take place either by mutually acceptable escrow closing arrangements with Purchaser's title company, or at the offices of Venable LLP, 750 E. Pratt St., Suite 900, Baltimore, Maryland 21202, or at such other location as the Parties may mutually agree upon. The Initial Property Closing Date shall occur no later than 90 days after the satisfaction of the

Initial Property Closing Conditions, and the Land Closing shall be held as and when provided in Section 2.9 hereof, but in any case no later than the end of the term of the Ground Lease.

Section 2.9 Land Closing; Title and Costs.

(a) The Purchaser and the County acknowledge that fee simple title to the Facility Real Property will be transferred to the Purchaser at the Land Closing. The Land Closing shall be held on a date selected by Purchaser within sixty (60) days after the County certifies to Purchaser that the Land Closing Conditions have been satisfied. At the Land Closing, title to the Facility Real Property shall be conveyed by the County to the Purchaser by a special warranty deed in the form attached hereto as Exhibit D-2 (the "Land Deed"). At the time of the Land Closing, Purchaser shall pay to the County the "Land Acquisition Price", by title company check or wire transfer, in the amount of Four Hundred Thousand Dollars (\$400,000). At all times prior to the occurrence of the Land Closing, the County shall use diligent, good faith efforts to cause the satisfaction of all Land Closing Conditions, including (without limitation) obtaining all necessary approvals for the Subdivision, at its sole cost and expense and complying with the requirements of the next succeeding sentence. Title to the Facility Real Property given will be marketable and insurable at regular rates by any reputable title insurance company selected by the Purchaser which is authorized to transact business in the State of Maryland and subject to existing restrictions and easements of record or visible on the ground, ordinances, easements of roads, privileges and rights of public services and utility companies, if any. If title to the Facility Real Property is not, at the Land Closing, insurable as herein set forth, the Purchaser shall notify the County and the County shall have an additional thirty (30) days to cure such defect. If the County does not cure such defect within such additional period, the Purchaser may elect, as its sole right and remedy, (i) to take such title as the County can convey, with abatement of the Land Acquisition Price only to the extent of monetary liens of a fixed amount; or (ii) to postpone the Land Closing until the County can convey title as required above.

In conveying the Facility Real Property, the County shall also convey to the Purchaser all right, title, and interest of the County, if any, in and to (i) the land constituting any public street, road or avenue, opened or proposed, in front of, adjoining or dissecting the Facility Real Property, (ii) all privileges appurtenant or related to the Facility Real Property, and (iii) all easements, rights-of-way of use, privileges, licenses, appurtenances and rights belonging or appertaining to the Facility Real Property, except as set forth in Schedule 2.2(a).

(b) The County shall pay for the preparation of the Land Deed and one-half of all applicable transfer and recordation taxes associated with the transfer. The Purchaser shall pay (i) for recording the Land Deed, (ii) for one-half of all recordation and transfer taxes associated with the transfer, (iii) for all searches, survey, all title company settlement charges and title insurance costs and (iv) for all other conveyancing and closing expenses. Each party shall pay its own legal fees.

Section 2.10 Brokerage. The Purchaser warrants and represents to the County that the Purchaser has not dealt with any broker, agent or other party who might be deemed to be entitled to a commission or finder's fee in connection with the transactions contemplated under this Agreement, except for Marcus & Millichap ("Broker"), whose total commission or fee (if any) shall be paid by the County at the Initial Property Closing based upon the Acquisition Price for all Facility Assets subject of this Agreement. The Purchaser will indemnify, defend and hold

harmless the County from and against any claim for a commission or finder's fee made by any other party by, through or under the Purchaser, and the County will indemnify, defend and hold harmless the Purchaser from and against any claim for a commission or finder's fee made by any party by, through or under the County, including the Broker. This Article shall survive the Closing or other termination of this Agreement.

Section 2.11 County to Remain Liable. Subject to the provisions of Article III of this Agreement, the Parties agree that the County shall remain responsible for all obligations, liabilities, debt, claims and audits, known or unknown, arising from, or attributable to the operation of the Facility, the Facility Real Property, and the Facility Business Assets, for all periods up to and including the Facility Lease Effective Date.

Section 2.12 DHMH Jurisdiction and Jurisdiction of Other Governmental Body. The Parties understand and acknowledge that consummation of the transactions contemplated herein requires the DHMH to approve the transfer of the CCRC License and the MALF License from the County to the Purchaser prior to the Facility Lease Effective Date. The Purchaser shall be responsible for submitting an application for transfer of the CCRC License and the MALF License, within five (5) days of the Contract Date, and provide copies of such submissions to the County simultaneously upon submission to DHMH. The Purchaser shall use all reasonable efforts and due diligence in the procurement of such approval and the County shall reasonably cooperate in such effort. The County shall cooperate with the Purchaser in providing information that is reasonably required by the Purchaser in, connection with the review and/or approval by the DHMH of the Purchaser's application for transfer of the CCRC License and the MALF License. Any information that has been filed with the DHMH (except any information that has been identified in such filing as proprietary or confidential and has been accorded protected or confidential status by such regulatory agency) or otherwise has been made available to the public shall not, under any circumstances, constitute confidential or proprietary information. The County shall comply with the requirements of DHMH under the provisions of COMAR 10.09.10.15(A), including, without limitation, causing a bond, letter of credit or other assurance satisfactory to DHMH to be issued in favor of DHMH in the amount required under, and to be otherwise held in accordance with, COMAR 10.09.10.15(B)(1)(b). Upon a request from Purchaser, the County shall confirm how and when it has (or will) satisfy such requirements.

In the event that the DHMH requires any amendment(s) to this Agreement in connection with the Purchaser's application for transfer of the CCRC License and the MALF License, the Purchaser shall notify the County within five (5) days of receipt of notification by the DHMH setting forth such required amendment(s).

Section 2.13 Governmental Applications. Within five (5) days of the date hereof, the Purchaser shall file all other applications as may be required by the State of Maryland, the federal government, the local governments where the Facility is located, and/or any other governmental agency, department or political subdivision in order to obtain any other license or permit that may be required in order to operate the Business.

Section 2.14 Executory Contracts. Prior to the Facility Lease Effective Date, the Purchaser shall provide written notice to the County of all of County executory contracts described in Section 2.2(b)(xii) which the Purchaser desires to accept (the "Assumed Contracts").

All of such contracts which the Purchaser does not notify the County, as set forth above, shall be terminated pursuant to each contract's term at or prior to the Facility Lease Effective Date.

Section 2.15 Rights and Obligations of County and Purchaser. The rights and obligations of the Parties shall be only as expressly stated herein and shall not be expanded, modified, extended or in any way changed by any subsequent change in circumstances or federal, state, county or local, statutory or common law, except as expressly provided for herein.

Section 2.16 Seller's Closing Deliverables for Initial Property Closing.

(a) On the Initial Property Closing Date, as a condition precedent to the obligation of the Purchaser to close and pay the Initial Acquisition Price as provided hereunder, the County shall deliver to the Purchaser the following (unless expressly waived in writing by the Purchaser):

(i) Buildings and Improvements Deed. A fully executed counterpart of the Buildings and Improvements Deed in form attached hereto as Exhibit D-1;

(ii) Bill of Sale. A signed counterpart page to a bill of sale for the Facility Business Assets in the form attached hereto as Exhibit F-2;

(iii) Ground Lease. A fully-executed counterpart of the Ground Lease in the form attached hereto as Exhibit B;

(iv) Deed of Easement. A fully-executed counterpart of the Deed of Easement in the form attached hereto as Exhibit C;

(v) Authorizing Resolutions. Resolution(s) of the Board of County Commissioners of Frederick County authorizing the County to execute this Agreement and the closing documents;

(vi) Documentation and Material Regarding Facility Business Assets. Any keys, existing plans, specifications, architectural and engineering drawings, utilities layout plan, manuals, service and maintenance logs, paid invoices and similar documents relating to the Facility Business Assets, and other documentation used in the construction, alteration or repair of the Facility, to the extent within the County's possession;

(vii) Section 1445 Certificate. A certificate of the County warranting that it is not a foreign person as defined under Section 1445 of the Internal Revenue Code;

(viii) Physical Possession. Actual physical possession of the Facility Business Assets;

(ix) Certificate of Representations and Warranties. A certificate, dated as of the Initial Property Closing Date, signed by the County certifying

that all of the representations and warranties made by the County in this Agreement are true, accurate and complete as of the Initial Property Closing Date;

(x) Manuals. All instructions, manuals and warranties that relate to any equipment used at the Facility to the extent in the County's possession; and

(xi) Termination of Facility Lease. A fully executed counterpart of the Termination of Facility Lease; and

(xii) Other Documents. Such further documentation and settlement statements as the Purchaser or its attorneys, or its title company or lender may reasonably request.

(b) Purchaser's Initial Property Closing Deliverables. On the Initial Property Closing Date, and as a condition precedent to the obligation of the County hereunder, the Purchaser shall deliver to the County the following (unless expressly waived in writing by the County):

(i) Initial Acquisition Price; Deposit; Initial Property Closing Date Payment. The Purchaser shall deliver the balance of the Initial Acquisition Price to the County;

(ii) Buildings and Improvements Deed. A fully executed counterpart of the Buildings and Improvements Deed in form attached hereto as Exhibit D-1;

(iii) Bill of Sale. A signed counterpart page to a bill of sale for the Facility Business Assets in the form attached hereto as Exhibit F-2;

(iv) Realty Transfer Fees. The Purchaser shall be responsible for one-half of all real estate recordation and transfer fees required by the laws of the State to be paid in connection with the Ground Lease and Deed of Easement;

(v) Certificate of Representations and Warranties. A certificate, dated as of the Initial Property Closing Date, signed by the Purchaser certifying that all of the representations and warranties made by the Purchaser herein are true, accurate and complete as of the Initial Property Closing Date;

(vi) Organizational Documents. Copies of the certificate of formation and other organizational documents of the Purchaser, certified true and correct as of the Initial Property Closing Date, and a Certificate of Good Standing of the Purchaser from the jurisdiction in which it is organized, dated not more than 30 days prior to the Initial Property Closing Date;

(vii) Termination of Facility Lease. A fully executed counterpart of the Termination of Facility Lease; and

(viii) Other Documents. Such further documents and settlement statements as the County or their attorney may reasonably request.

Section 2.17 Land Closing Deliverables.

(a) On the Land Closing Date, as a condition precedent to the obligation of the Purchaser to close and pay the Land Acquisition Price as provided hereunder, the County shall deliver to the Purchaser the following (unless expressly waived in writing by the Purchaser):

(i) Land Deed. A fully executed counterpart of the Land Deed in substantially the form attached hereto as Exhibit D-2;

(ii) Termination of Ground Lease. A fully-executed counterpart of the Termination of Ground Lease;

(iii) Authorizing Resolutions. Resolution(s) of the Board of County Commissioners of Frederick County authorizing the County to execute this Agreement, the Land Deed and the closing documents;

(iv) Section 1445 Certificate. A certificate of the County warranting that it is not a foreign person as defined under Section 1445 of the Internal Revenue Code;

(v) Physical Possession. Actual physical possession of the Facility Real Property;

(vi) Certificate of Representations and Warranties. A certificate, dated as of the Land Closing Date, signed by the County certifying that all of the representations and warranties made by the County in this Agreement are true, accurate and complete as of the Land Closing Date;

(vii) Shared Use Agreements. One or more agreements mutually satisfactory to the parties, governing the terms and conditions of the Purchaser's use of County-owned sewer and storm water management facilities; and

(viii) Other Documents. Such further documentation, closing affidavits and settlement statements as the Purchaser or its attorneys or its title company or lender may reasonably request.

(b) Purchaser's Land Closing Deliverables. On the Land Closing Date, and as a condition precedent to the obligation of the County hereunder, the Purchaser shall deliver to the County the following (unless expressly waived in writing by the County):

(i) Land Acquisition Price; Deposit; Land Closing Date Payment. The Purchaser shall deliver the balance of the Land Acquisition Price to the County;

(ii) Land Deed. A fully executed counterpart of the Land Deed in substantially the form attached hereto as Exhibit D-2;

(iii) Certificate of Representations and Warranties. A certificate, dated as of the Land Closing Date, signed by the Purchaser certifying that all of the representations and warranties made by the Purchaser herein are true, accurate and complete as of the Land Closing Date;

(iv) Organizational Documents. Copies of the certificate of formation and other organizational documents of the Purchaser, certified true and correct as of the Land Closing Date, and a Certificate of Good Standing of the Purchaser from the jurisdiction in which it is organized, dated not more than 30 days prior to the Land Closing Date; and

(v) Other Documents. Such further documents or settlement statements as the County or their attorney may reasonably request.

Section 2.18 County's Disclosures to Purchaser. The County has delivered the following documents to the Purchaser prior to or simultaneously with the execution of this Agreement:

(a) A copy of the most recent survey and inspection report for the Facility issued by DHMH and/or any Governmental Body

(b) A copy of the Phase I Report.

(c) Documents made available in the County's electronic data room.

The County does not make any representations or warranties, other than as may be set forth herein as to the accuracy or completeness of any of the documents listed in this Section 2.18. Notwithstanding any provision hereof to the contrary, the County may, in its sole discretion, retain copies of any and all documents provided to the Purchaser.

Section 2.19 Assumed Liabilities. As of the Facility Lease Effective Date and in connection with the conveyance of the Facility Assets to the Purchaser, the Purchaser agrees to assume, as of the Facility Lease Effective Date, the future payment and performance of only the following liabilities in respect of the Facility (collectively, the "Assumed Liabilities"): (a) the obligations of the County under the Assumed Contracts solely to the extent arising out of periods after the Facility Lease Effective Date; (b) all other obligations of the Purchaser under this Agreement; and (c) any violation of the Worker Adjustment and Retraining Notification Act (together with similar state laws, the "WARN Act") with respect to operation of the Facility as a result of the consummation of the transactions contemplated by this Agreement (provided that the County has, with respect to the operation of the Facility, complied with the WARN Act prior to the Facility Lease Effective Date). Except solely for the Assumed Liabilities, the Purchaser shall not assume, shall not be liable for and shall have no obligation to pay or assume, any of the County's liabilities or obligations, including any liability or obligation of the County arising out of or relating to the Facility Assets, including the operation of the Facility, the Subdivision proceedings, or any other transaction described herein.

Section 2.20 Excluded Liabilities. Except solely for the Assumed Liabilities, all of the County's liabilities and obligations, including all liabilities arising out of or relating to the Facility Assets other than the Assumed Liabilities, shall remain the sole responsibility of, and shall be satisfied by, the County, including the following: (a) any liability, indebtedness, commitment, or obligation of the County, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising; (b) any liability or obligation arising out of or relating in any manner to the conduct or operation of the Facility prior to the Facility Lease Effective Date, including any overpayments made by Medicare or Medicaid for services rendered at the Facility prior to the Facility Lease Effective Date; (c) any liability or obligation arising out of or relating to the ownership or use of the Facility Assets prior to the Facility Lease Effective Date, whether (in any case) fixed or contingent, recorded or unrecorded, known or unknown, currently existing or hereafter arising, and whether or not set forth or described in the schedules hereto; or (d) any obligations or liabilities with respect to any Excluded Assets (all of the foregoing, collectively, the "Excluded Liabilities"). The County agrees, but only to the extent of legally available funds therefor, to indemnify, defend and hold Purchaser harmless from any costs, liabilities or expenses relating to the Excluded Liabilities.

Section 2.21 Conditions to Obligations of All Parties. The obligations of each of Purchaser and County under this Agreement to cause the transactions contemplated by this Agreement to be consummated are, at its option, subject to the satisfaction of the following conditions:

(a) Governmental Approvals. Except as further described in this Section regarding approvals of the Maryland Board of Public Works, Purchaser and County shall have received all approvals of the applicable Governmental Bodies and the applicable Governmental Bodies shall have taken all actions required to permit the consummation of the transactions contemplated by this Agreement and to permit Purchaser to operate the Facility after the Facility Lease Effective Date, which shall include, but not be limited to, Purchaser's receipt of (i) a letter from The State of Maryland Department of Health and Mental Hygiene Office of Health Care Quality issuing a license to operate 170 comprehensive care facility beds and a 75 unit assisted living facility upon the transfer of ownership of the Facility, and (ii) a letter from The Maryland Health Care Commission (the "Commission") approving the planned acquisition without requiring a certificate of need or other regulatory review by the Commission. The parties hereto acknowledge that the County has certain obligations under the Capital Projects Grant Agreement dated January 26, 2011, by and between the County and the State of Maryland. The County will diligently pursue the complete discharge of any such obligations at its sole cost and expense.

(b) No Injunctions. There shall not be in force any order or decree restraining or enjoining consummation of the transactions contemplated by this Agreement or placing any limitation upon such consummation or to invalidate, suspend or require modification of any provision of this Agreement.

(c) Environmental Matters. The parties hereto acknowledge that the Purchaser has obtained a Limited Phase II Subsurface Investigation, dated August 14, 2013, prepared by AEI Consultants. The County makes no representations or warranties as to the presence or absence of hazardous materials on the Facility Real Property as of the Contract Date. From the date of the Contract Date until the Facility Lease Effective Date, there shall not have

been any change in any material respects in the environmental condition of the Property, it being understood that unless Purchaser notifies the County to the contrary prior to thirty (30) days after the Contract Date, Purchaser shall be deemed to have accepted the condition of the Facility as to environmental matters as of such date.

(d) Access; Utilities and Parking. The buildings and structures included in the Facility Real Property shall have access to (i) public roads and (ii) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is necessary for the conduct of the business and the Facility shall have adequate parking available to the Facility Real Property to meet any applicable zoning, licensure or other legal requirements.

(e) Compliance. The Facility shall be in substantial compliance with Maryland Department of Health and Mental Hygiene and CMS requirements.

ARTICLE III

ENVIRONMENTAL CONDITIONS; DUE DILIGENCE; INSPECTIONS

Section 3.1 Due Diligence.

(a) The Purchaser hereby confirms that the Purchaser has conducted, or shall conduct, any and all inspections of the Facility and the Facility Real Property (which, for purposes of this Article III, shall be called the "Premises"), and completed any due diligence in connection therewith, including, without limitation, title, flood, tidelands and zoning investigation, structural investigation, soil tests, surveys, engineering studies, geo-technical studies, environmental studies and investigations and physical inspections of the Premises (the "Investigations"), within thirty (30) days after the execution of this Agreement.

Section 3.2 Environmental Conditions.

(a) The County has provided the Purchaser with the Phase I Report concerning the environmental conditions at the Premises (see Appendix A to the Requests for Proposals).

(b) The Purchaser shall be solely responsible and liable for and shall fully protect, indemnify, defend, and hold harmless the County, its elected officials, officers, directors, agents, employees, representatives, affiliates, successors and assigns, from and against any and all causes of action, claims, charges, costs, damages, enforcement actions, directives, fines, injuries, judgments, liabilities, losses, penalties, and all costs and expenses incidental thereto, including, without limitation, reasonable attorneys' fees, expert and consultant fees and laboratory costs, arising at law or in equity, of every kind or nature whatsoever, whether direct or indirect, known or unknown, which the County, may hereafter incur, become responsible for or payout as a result of Hazardous Substance located on, at or under the Facility resulting from the Purchaser's use of the Facility.

(c) This Section 3.2 shall survive the Closing.

ARTICLE IV

REPRESENTATIONS AND COVENANTS

Section 4.1 Representations of the Purchaser. The Purchaser hereby represents and warrants to the County as follows:

(a) The Purchaser is a limited liability company organized and existing under, and governed by, the laws of the State of Maryland, and it is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable the Purchaser to perform its obligations under the terms of this Agreement. No act of Bankruptcy has been commenced by or against the Purchaser. The execution of this Agreement, and the performance of all obligations under this Agreement, have been authorized by all required action of the Purchaser, all as required by the charter, by-laws and Applicable Laws that regulate the conduct of the Purchaser's affairs. The execution of this Agreement and the performance of all obligations set forth herein do not conflict with and do not constitute a breach of or event of default under any charter or by-laws of the Purchaser, or any agreement, indenture, mortgage, contract or instrument to which the Purchaser is a party or by which the Purchaser is bound so that, upon execution hereof and upon satisfaction of the conditions herein contained, this Agreement constitutes the valid, legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except to the extent that enforcement thereof is limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of the general principles of equity.

(b) The Purchaser represents that it possesses or will possess at the Facility Lease Effective Date all licenses and approvals required under Applicable Laws to undertake and carry out its obligations under this Agreement.

(c) The Purchaser represents that it possesses or will possess at the Initial Property Closing and at the Land Closing funds sufficient to pay the Initial Acquisition Price and/or the Land Acquisition Price for the purchase of the Facility Assets as set forth in this Agreement.

(d) There is no action, suit or proceeding, at law or in equity, before or by any court or similar Governmental Body against the Purchaser wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the Purchaser of its obligations hereunder or the other transactions contemplated hereby, or that, in any way would materially adversely affect the validity or enforceability of this Agreement or any other agreement or instrument entered into by the Purchaser in connection with the transaction contemplated hereby.

(e) Availability of Funds. The Purchaser has the ability to obtain funds in cash in amounts equal to the Acquisition Price by means of a combination of a private offering of membership interests and credit facilities or otherwise and will at each Closing have immediately available funds in cash which will be sufficient to pay the portion of the Acquisition Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

(f) Track Record. Neither the Purchaser, nor any of its principals or affiliates operates, controls, or manages any health care facilities in the State of Maryland except for Aurora Senior Living of Manokin, LLC (the "Purchaser's Existing Facilities"), and with respect to the Purchaser's Existing Facilities, to the best of the Purchaser's knowledge and belief, there have been no violations or enforcement actions that would cause the denial of the transfer of ownership application pursuant to applicable laws and regulations of the State of Maryland. None of the Purchaser's principals have a history of criminal convictions of the type that would preclude approval of the application for licensure in accordance with State law.

(g) Residents. Purchaser shall not transfer any residents of the Facility to any of Purchaser's Existing Facilities. Purchaser agrees to the Continued Care Commitment Agreement, as set forth in Section 4.2(p). Any resident of the Facility as of the Facility Lease Effective Date shall be permitted to continue residing in the Facility indefinitely, provided such resident's condition is medically appropriate for that setting and they continue to pay the fees in place as of the Facility Lease Effective Date. Further, in addition to its obligations contemplated under the Continued Care Commitment Agreement set forth in Section 4.2(p) below with respect to the continued care of MALF residents whose cost of care is being subsidized by County at the Facility Lease Effective Date, Purchaser shall after the Facility Lease Effective Date, to the extent beds are available, accept new subsidized residents to MALF, provided the County agrees to pay the full private pay amount in place at the time of admission. Purchaser shall accept Medicaid and Medicaid pending residents to CCRC. Purchaser shall comply with all federal, state and local laws and regulations pertaining to safe and appropriate discharge of residents. Purchaser shall give preference to admission of Frederick County residents, to the extent permitted by law. Purchaser shall give preference to admission of residents from MALF to CCRC and from CCRC to MALF.

(h) Employment by Purchaser. Purchaser shall extend offers of employment to all of County's employees at CCRC and MALF as of the Facility Lease Effective Date. Employees, who accept employment offers from Purchaser, shall be referred to as "Transferred Employees". Purchaser shall not assume responsibility for any Transferred Employee until such employee commences employment with Purchaser. Nothing in this Section 4.1(h) shall, however, create any third party beneficiary or other rights in favor of any person not a party hereto, including employees of the Facility, or constitute a continued employment agreement for any specific term or condition of employment for any employee of County who is a Transferred Employee.

Section 4.2 Representations and Covenants of the County. The County represents and warrants to the Purchaser as follows:

(a) The County is duly qualified and has the power, authority, and legal right, to enter into and perform its obligations set forth in this Agreement.

(b) The execution, delivery, and performance of this Agreement (i) has been duly authorized by the governing body of the County, (ii) does not require any consent, approval or referendum of voters, and (iii) will not violate any Applicable Laws applicable to the County or any provisions of the County's resolutions.

(c) The execution of this Agreement, and the performance of all obligations set forth herein do not conflict with, and will not, nor with the passage of time or the giving of notice, constitute a breach of or event of default under any charter, ordinances or resolutions of the County or any agreement, indenture, mortgage, trust, contract or instrument of Applicable Laws to which the County is a party or by which the County is bound. This Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, except to the extent that the enforcement thereof is limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of general principles of equity. The parties hereto acknowledge that the County has certain obligations under the Capital Projects Grant Agreement dated January 26, 2011, by and between the County and the State of Maryland. The County will diligently pursue the complete discharge of any such obligations at its sole cost and expense.

(d) Except as disclosed in Schedule 4.2(d), there is no action, suit or proceeding, at law or in equity, pending before or by any court or governmental authority against the County, where in an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by the County in connection with the transactions contemplated hereby.

(e) The County has the power, authority and legal right to enter into the Facility Lease and to convey the Facility Business Assets at the Initial Property Closing and has or will have the power, authority and legal right to convey the Facility Real Property at the Land Closing to the Purchaser under all Applicable Laws.

(f) There are no restrictions, prohibitions or encumbrances on (or relating to) the Facility Real Property or Facility Business Assets that would inhibit, prohibit or in any way affect the ability of the Purchaser to make use of such Facility Real Property or Facility Business Assets in the manner contemplated by the term of this Agreement.

(g) The County has complied in all material respects with all Applicable Laws applicable to the County, and has secured all necessary permits and authorizations and licenses issued by any Governmental Body required to be obtained by the County with respect to the Facility, if any, the violation of which (or the failure to secure) could have a material adverse effect on the business, operations, properties or assets or on the condition, financial or otherwise, of the Facility, a complete list of such permits, authorizations and licenses being set forth on Schedule 2.2(b)(x) hereto.

(h) Subject to DHMH Approval, the County has the power, authority, and legal right to transfer the CCRC Licensed Capacity and the MALF Licensed Capacity to the Purchaser under all Applicable Laws.

(i) There are no audits, active suits or proceedings that (i) challenge the use of the CCRC as a skilled nursing facility, (ii) challenge the use of MALF as an assisted living facility, (iii) challenge or seek to change the CCRC Licensed Capacity or the MALF Licensed Capacity, (iii) challenge or seek to change the conditions of operation of the Facility set forth in

any applicable certificate of need, or (iv) challenge the Facility's certification to participate in the Medicaid Program under Title XIX of the Social Security Act.

(j) The County is not a party to or obligated to contribute to any employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), guaranteed annual income plan, fund or arrangement, or any incentive, bonus, profit sharing, deferred compensation, or any employment or consulting agreement, or any noncompetition agreement, or any severance or termination plans or policies, hospitalization, disability or other insurance plan, or any other employee fringe benefit plans, or any collective bargaining agreements, or any other agreement, plan or arrangement similar to or in the nature of the foregoing, oral or written, in each case that relate to the Facility, which would create any obligation or liability for the Purchaser after the Facility Lease Effective Date.

(k) Schedule 4.2(k) attached hereto sets forth a complete and correct list, as of a date no earlier than 10 days from the Contract Date, of all deposits and patient trust funds (itemized by individual) held, maintained or administered by or on behalf of the Facility as of such date. To the best of the County's knowledge, any and all deposits and patient trust funds held, maintained or administered by or on behalf of the Facility have been, for the past three years, and presently are, held, maintained or administered in compliance with all applicable laws, rules and regulations.

(l) Employer Obligations. The County shall terminate the employment of all County employees of the Facility (the "County Employees") effective at 11:59 p.m. of the day prior to the Facility Lease Effective Date. The County has paid, or will have made provision for the payment of, all salaries, wages, and other compensation accrued through the date of termination of the County employees. The County has complied, and will continue to comply, with all laws affecting the employment relationship between them and the County Employees, including but not limited to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and the WARN Act.

(m) Operation of Facility Prior to Facility Lease Effective Date. Subject to the provisions of Section 4.2(l) above, during the period commencing on the Contract Date through and including the Initial Property Closing Date, the County shall continue to operate the Facility in a manner consistent with its historical operation. As of the Facility Lease Effective Date, there shall have been no Material Adverse Change.

(n) Purchaser's Right to Observe Business. Prior to the Facility Lease Effective Date, the Purchaser and its agents and employees may, from time to time, during normal business hours and at reasonable intervals, and upon no less than 24 hours' notice, enter the Facility and observe, in the company of the County's representatives, and in such manner as to create no interference or interruption of the ordinary course of care provided to residents, the business conducted therein in order that the Purchaser may become familiar with the Facility and its business; and the County agrees to permit the Purchaser, its agents and employees, the right to observe the operation of the Facility's business at such time. The foregoing shall, at all times, be subject to all patient rights of privacy, confidentiality, and privilege.

(o) Post-Closing Reconciliations. The Purchaser shall have the authority to use the County's Medicare and Medicaid provider numbers and shall permit the electronic

payment of said claims into the County's bank accounts for services and goods provided by the Purchaser following the Facility Lease Effective Date from Medicare, Medicaid, and other third party insurance sources. Such funds for services rendered after closing shall be the sole property of the Purchaser. The County shall provide to the Purchaser upon receipt of such funds copies of Explanation of Benefits, Remittance Advice forms, and other documents that specify the amount of benefits being paid to the Facility. The County shall promptly remit such payments within five (5) business days of receipt to the Purchaser. The County shall file or cause to be filed a final Medicaid cost report to the Maryland Department of Health and Mental Hygiene and a final Medicare cost report to CMS within five (5) months of closing or upon the due date established by regulation, whichever is sooner.

(p) Continued Care Commitment Agreement. On the Facility Lease Effective Date, the Purchaser and County covenant and agree to enter into a Continued Care Commitment Agreement for resident care services whereby Purchaser shall continue providing assisted living services to subsidized individuals, residing at MALF as of the Initial Property Closing Date, for as long as they are medically appropriate for assisted living and without regard to any other time limitation. As compensation for the continued care commitment, the County shall pay the following amounts to Purchaser in four (4) installments:

- Year 1: \$3.50 million (of which \$583,333.33 shall be payable on the Facility Lease Effective Date and the balance shall be payable on July 1, 2014);
- Year 2: \$3.25 million (payable on the first anniversary of the Facility Lease Effective Date);
- Year 3: \$2.25 million (payable on the second anniversary of the Facility Lease Effective Date); and
- Year 4: \$1.70 million (payable on the third anniversary of the Facility Lease Effective Date).

To the extent that County for whatever reason does not make the foregoing payments, Purchaser, in addition to any other rights and remedies it might have against County, shall no longer have any obligation to provide assisted living services to those subsidized individuals who were residing at MALF as of the Facility Lease Effective Date.

(q) Subdivision. At all times prior to the occurrence of the Land Closing, the County shall use diligent, good faith efforts to cause the satisfaction of all Land Closing Conditions, including obtaining all necessary approvals for the Subdivision, at its sole cost and expense.

(r) Survival. The foregoing representations and warranties by the County are true and complete as of the Contract Date and shall be true and complete on the Facility Lease Effective Date, on the Initial Property Closing Date and on the Land Closing Date.

Section 4.3 Non-Competition/Non-Solicitation.

(a) From the Facility Lease Effective Date until the fifth (5th) anniversary of the Land Closing Date, the County shall not:

(i) directly or indirectly, operate, manage, own, control, finance or provide financing for, be a consultant for or enter into a service contract with, any Competing Facility. For purposes hereof, "Competing Facility" shall mean any nursing home, assisted living facility or any facility providing services similar to those offered at the Facility, that is located within the a ten (10) mile radius of the Facility. For purposes of this Section 4.3, to "finance or provide financing for" a facility shall not be deemed to include the issuance by the County of its economic development revenue bonds pursuant to the provisions of the Maryland Economic Development Revenue Bond Act (being Subtitle 1 of Title 12 of the Economic Development Article of the Annotated Code of Maryland, as amended) if such bonds do not constitute a pledge of the faith or credit of the County.

(ii) Participate in any efforts to induce, any of the patients, residents or employees admitted to, or employed by the County at the Facility on or prior to the Facility Lease Effective Date, to take any action disadvantageous to the Facility, including but not limited to soliciting the business of its patients or residents admitted prior to the Facility Lease Effective Date or soliciting or hiring its employees or independent contractors to cease their business or employment relations with the Purchaser or the Purchaser's affiliates. The County shall not hire any employee who was employed at the Facility on the Facility Lease Effective Date (or during the sixty (60) day period prior to the Facility Lease Effective Date) for any position involving the operation of a nursing home or assisted living facility.

(b) If any provision contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable law, a court of competent jurisdiction shall construe and interpret or reform this Section to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable law. The County acknowledges that the Purchaser would be irreparably harmed by any breach of this Section and that there would be no adequate remedy at law or in damages to compensate the Purchaser for any such breach. The County agrees that the Purchaser shall be entitled to injunctive relief requiring specific performance by the County of this Section, and the County hereby consents to the entry thereof, in addition to any other remedies available at law or in equity.

ARTICLE V

CASUALTY AND CONDEMNATION

Section 5.1 Casualty. If at any time prior to the Initial Property Closing any of the Facility Assets are destroyed or damaged as a result of fire or any other casualty ("Casualty"), the County shall give written notice ("Casualty Notice") thereof to the Purchaser. If the Facility Assets are the subject of a Casualty, and the cost to repair such Casualty exceeds ten percent (10%) of the Acquisition Price, as determined by a contractor selected by the County and reasonably acceptable to the Purchaser, the Purchaser shall have the right, as its sole option; (i) to terminate this Agreement (by written notice to the County within ten (10) days after the County's giving the Casualty Notice and estimate of repair from the County); or (ii) if the Purchaser does not terminate this Agreement (or if the Casualty is less than ten percent (10%) of the Acquisition Price) the proceeds of any insurance with respect to the Facility Assets paid between the date of this Agreement and Initial Property Closing and any deductible payable by the County (less amounts incurred by the County in performing necessary repairs to protect the Facility Assets) shall be paid to the Purchaser on the Initial Property Closing Date, and all unpaid claims and rights in connection with losses to the Facility shall be assigned to the Purchaser at the Initial Property Closing without in any manner affecting the Acquisition Price. Risk of loss shall pass to the Purchaser at the Initial Property Closing.

Section 5.2 Condemnation. From and after the Initial Property Closing, the terms of the Ground Lease shall govern with respect to any condemnation or exercise of eminent domain that may occur.

ARTICLE VI

BREACHES AND DEFAULTS

Section 6.1 Breach of Obligations, Representations or Warranties by Purchaser. If at any time subsequent to the Contract Date and prior to the Initial Property Closing Date, (a) the Purchaser shall breach any obligation, covenant or warranty made by it herein, or (b) any representation made by the Purchaser herein shall be (or prove to be) false in any material respect, then, upon the County's providing written notice thereof to the Purchaser, the Purchaser shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach, and the Purchaser shall continue to take all such action until such breach is cured.

Section 6.2 Events of Default by Purchaser. Subject to the provisions of Section 6.1 hereof, anyone or more of the following shall constitute an Event of Default by the Purchaser hereunder:

- (a) Failure by the Purchaser (within sixty (60) days of either the occurrence or notice of any event described in Section 6.1 above, whichever is later), to cure such breach; or
- (b) Any Act of Bankruptcy on the part of the Purchaser has occurred prior to satisfaction of the terms and conditions of this Agreement; or

(c) In the event that the Purchaser shall fail to obtain the DHMH Approval contemplated in Section 2.12 of this Agreement; or

(d) In the event that the Purchaser is unable to consummate the transactions contemplated in this Agreement because it is unable to pay the Acquisition Price to the County as provided herein.

Section 6.3 Remedies of the County. The remedies for the occurrence of an Event of Default set forth under Section 6.2 hereof shall be, at the option of the County, either (a) a suit seeking specific performance by the Purchaser of the provisions of this Agreement and injunctive relief or to terminate this Agreement, or (b) the release of the Deposit to the County as liquidated damages, if the Deposit has not otherwise been released under the terms of this Agreement. The Purchaser and the County agree that, as of the Contract Date, the above-stipulated damage is a reasonable approximation of the damages the County will incur as a result of the termination of this Agreement as a result of the Events of Default by the Purchaser specified hereinabove. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 6.4 Breach of Obligations Representations or Warranties by the County. In the event that the County shall breach any material obligation herein, or any covenant or warranty made by it herein, or if at any time any representation made by the County herein shall be or prove to be false in any material respect then, upon the Purchaser's providing written notice thereof to the County, the County shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach and the County shall continue to take all such actions until such breach is cured.

Section 6.5 Events of Default by County. Subject to the provisions of Section 6.4 hereof, failure by the County (within thirty (30) days of either the occurrence or notice of any event described in Section 6.4 above, whichever is later), to cure such breach shall constitute an Event of Default by the County; provided however, that if the County is diligently pursuing such cure, and if in the reasonable judgment of the Purchaser, there is a reasonable likelihood that such breach will be cured within such thirty (30) day period, then failure to cure such breach shall not be considered to be an Event of Default until the 60th day after such breach has occurred or such notice has been provided, whichever is later.

Section 6.6 Remedies of Purchaser for Event of Default by County. Except as may be provided otherwise in this Agreement, the remedies for the occurrence of an Event of Default set forth under Section 6.5 hereof shall be the Purchaser may pursue a suit seeking specific performance by the County of the provisions of this Agreement. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies (otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 6.7 Non-waiver. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed

expedient by the nonbreaching party in its sole discretion. No waiver of the occurrence of any Event of Default hereunder, whether by the Purchaser or the County, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereto.

Section 6.8 Pendent Disputes. Notwithstanding anything contained in this Agreement to the contrary, if there shall be a dispute concerning the right of a party to terminate this Agreement, the Parties shall continue to perform their respective obligations hereunder as if the Agreement were in effect until such dispute is resolved and any appeals permitted thereunder are exhausted.

Section 6.9 Indemnification.

(a) Indemnification by Purchaser. The Purchaser agrees to protect, indemnify, defend and hold the County, and its officers, members, employees, and agents, successors and assigns, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing, based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the Purchaser set forth in this Agreement or in any document delivered hereunder; or (ii) the breach by the Purchaser of any other term or provision of this Agreement; or (iii) any damages to the Facility Assets caused by the negligence, gross negligence or intentional acts of the Purchaser, its agents, employees, independent contractors, officers or directors, prior to the Initial Property Closing Date; or (iv) any facts or events occurring after the Facility Lease Effective Date and connected with the Facility Assets, the activities of the Purchaser or the operations of the Facility; provided, however, the indemnity shall not apply to any liability arising from a breach of this Agreement by the County, or other act or omission by the County occurring on or before the Initial Property Closing Date.

(b) Indemnification by County. To the extent permitted by law, and subject to the limitations set forth in subsection (c) below, the County, agrees to protect, indemnify, defend, and hold the Purchaser and its members, officers, trustees, affiliates, agents, legal representatives, successor and assigns, and each of them, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, damages, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the County set forth in this Agreement or in any document delivered hereunder; or (ii) the breach by the County of any other term or provision of this Agreement; or (iii) any facts or events occurring prior to the Facility Lease Effective Date and connected with the Facility Assets, the activities of the County or the operation of the Facility; or (iv) any Medicare or Medicaid claims concerning facts or events occurring prior to the Facility Lease Effective Date and connected with the operations of the Facility; or (v) any deficiencies in Patient Trust Funds relating to the operation of the Facility prior to the Facility Lease Effective Date; or (vi) costs incurred in clearing title to the Facility Real Property or completing and recording the Subdivision, including any costs of defending appeal or litigation relating to the foregoing; provided, however, that the indemnity shall not apply to any liability

arising as a breach of this Agreement by the Purchaser, or other act or omission by the Purchaser occurring on or after the Initial Property Closing Date; and provided further that with respect to claim made as described in (iv) of this Section 6.9(b), the Purchaser shall direct requests for indemnification to the County, attention County Attorney.

(c) County Payments Subject to Appropriation. Subject to the requirements of Section 7.20 herein, all payment obligations of the County under this Agreement are subject to the legal availability of funds duly and properly appropriated for such purpose by the Board of County Commissioners of Frederick County.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Compliance with Applicable Laws. From and after the Initial Property Closing Date, the Purchaser shall take all actions required to comply with all Applicable Laws relating to its utilization of the Facility Assets.

Section 7.2 Utilization of Facility as Facility or Similar Facility: Preference to County Residents. Purchaser shall utilize the Facility as a comprehensive care facility and an assisted living facility for a minimum of five (5) years following the Initial Property Closing Date. Purchaser shall give preference to admission of Frederick County residents to the extent permitted by Applicable Laws.

Section 7.3 Transition Period Pass Through Costs. Following the Facility Lease Effective Date, the County may continue to provide certain information technology services, as well as other services necessary to ensure continuity of the Facility's operation until the Purchaser has established its own independent systems for these services. The costs associated with the County providing these services, including any special technical services needed to facilitate the transition, shall be passed through to the Purchaser based on actual costs incurred by the County. Where discrete cost information is not available, the County may calculate and charge for these services based on a proportionate basis. The Purchaser understands that the transition period is anticipated to take no more than 90 days after the Facility Lease Effective Date. Should it be necessary for the County to continue to provide these services beyond this 90 day period, the County will have the option of adding a 15% surcharge on the cost of providing these services to the Purchaser. Under no circumstances will the transition period exceed 180 days.

Section 7.4 Dispute Resolution. Notwithstanding anything herein to the contrary, the Parties may resolve any disputes which may arise among them through any available legal or equitable procedure. In addition, the Parties may, on a case-by-case basis, agree to submit any such dispute to a non-binding mediation procedure in order to create a factual record which will be available for use by a court of competent jurisdiction in any subsequent action relating to such dispute. Unless otherwise agreed to in writing or as provided below, the Parties shall continue to perform their respective obligations under this Agreement during any arbitration or other dispute resolution process.

Each party to this Agreement hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement or any agreements or transactions contemplated hereby shall be brought exclusively in the Circuit Court of Frederick County, Maryland, and hereby expressly submits to the personal jurisdiction and venue of such court for the purposes thereof and expressly waives any claim of improper venue and any claim that such court is an inconvenient forum. Each party hereby irrevocably consents to the service of process of such court in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the address set forth or referred to in Section 7.10, such service to become effective ten (10) days after such mailing.

Section 7.5 Further Assurances. Each party shall execute and deliver any instruments and perform any acts that may be necessary or reasonably requested in order to give full effect to the terms of this Agreement. Each party shall use all reasonable efforts to provide such information, execute such further instruments and documents and take such action as may be reasonably requested by the other Parties; provided however, that such actions are not inconsistent with the provisions of this Agreement and do not involve the assumption of obligations other than those which are provided for in this Agreement to carry out the intent of this Agreement.

Section 7.6 Relationship of the Parties. Except as otherwise explicitly provided herein, or by Applicable Laws, no party to this Agreement shall have any responsibility whatsoever with respect to services that are to be provided or contractual obligations that are to be assumed by any other party and nothing in this Agreement shall be deemed to constitute any party a partner, joint venture participant, agent or legal representative of any other party or to create any fiduciary relationship between or among the Parties.

Section 7.7 Waiver. The waiver by any party of a default or of a breach of any provision of this Agreement by the other Parties shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by any party with knowledge of the existence of a default or breach shall not operate or be construed to operate as a waiver of any subsequent default or breach.

Section 7.8 Modification. Modifications, waivers or amendments of (or to the provision of) this Agreement shall be effective only if set forth in a written instrument signed by each party hereto after all corporate or other action regarding the authorization for such modification, waivers or amendments has been taken.

Section 7.9 Headings. The captions and headings in this Agreement are for convenience and ease of reference only and in no way define, limit or describe the scope or intent of this Agreement and such headings do not in any way constitute a part of this Agreement.

Section 7.10 Notices. Any notice or other communication which is required to be given hereunder shall be in writing and shall be deemed to have been validly given if faxed to the telephone number set forth below, delivered in person or mailed by certified or registered mail, postage prepaid, addressed as follows:

If to the County:

County Commissioners of Frederick County
Winchester Hall
12 E. Church Street
Frederick, Maryland 21701
Attn: County Manager

With Copy To:

County Attorney
Winchester Hall
12 E. Church Street
Frederick, Maryland 21701

If to the Purchaser:

Aurora Holdings VII, LLC
8227 Cloverleaf Drive, Suite 309
Millersville, Maryland 21108
Attn: Stanley H. Snow
Telephone No.: (410) 729-8406

With copy to:

Gallagher, Evelius & Jones, LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201
Attn: Thomas B. Lewis
Tel: (410) 347-1356
Fax: (410) 468-2786
Email: tlewis@gejlaw.com

If notice is sent by fax or e-mail, the original executed copy of the notice shall be mailed or delivered as provided above. Changes in the addresses to which such notices may be directed may be revised from time to time by any party by written notice to the other Parties.

Section 7.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

Section 7.12 As Is No Representations or Warranties. Except as may otherwise be set forth in this Agreement, the Purchaser acknowledges and agrees that neither the County nor any agent or representatives of the County have made, and the County is not liable or responsible for or bound in any manner by any express or implied representations, warranties, covenants, agreements, obligations, guarantees, statements, information or inducements pertaining to the Condition of the Facility Assets or any part thereof. The Purchaser acknowledges, agrees, represents and warrants that it has had, and/or shall have had, the opportunity and has in fact, and/or shall have in fact, inspected the Facility Assets and all matters respecting the Facility

Assets and is and/or shall be fully cognizant of the Condition of the Facility Assets and that it has had, and/or shall have had, access to information and data relating to all of same as the Purchaser has considered necessary, prudent, appropriate or desirable for the purposes of this transaction and that the Purchaser and its agents and representatives have, and/or shall have had, independently inspected, examined, analyzed and appraised all of same. The Purchaser acknowledges that the Purchaser is and/or will be fully familiar with the Facility Assets and the Purchaser agrees to accept the Facility Assets "AS IS", with all faults, in its current condition, subject to reasonable wear and tear. Except as otherwise provided in the Facility Lease, the County shall maintain the Facility Assets in its current condition until the Initial Property Closing. Other than as provided in Section 2.12, the Purchaser shall be responsible at its sole cost and expense to obtain and satisfy all required governmental or regulatory inspection, certificate or other such transfer requirements prior to Initial Property Closing. As used herein, "Condition of the Facility Assets" shall mean the title and physical condition thereof, including all environmental matters, the quantity, character, fitness and quality thereof, merchantability, fitness for particular purpose, the income, expenses or operation thereof, the value and profitability thereof, the uses which can be made thereof, title to the Facility Assets the structural and mechanical condition of the Facility Assets, the buildings, structures and improvements situate thereon, the plumbing, heating, electric and ventilating systems (if any) serving the Facility Assets and any other matter or thing whatsoever with respect thereto. In addition to, and without limiting the foregoing, the Purchaser further acknowledges and agrees that the Facility Assets are conveyed in their "as is" condition with respect to environmental matters, and the Purchaser hereby assumes the risk that adverse past, present or future conditions may not be revealed in its inspection or investigation.

Section 7.13 Severability. In the event that any provision of this Agreement shall be determined for any reason to be invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or to such other appropriate actions as, to the maximum extent practicable in light of such determination, shall implement and give effect to the intentions of the Parties as reflected herein. Notwithstanding such determination, such determination shall not invalidate or render any other provision hereof unenforceable.

Section 7.14 Governing Law. The obligations of the County and the Purchaser under the terms of this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Maryland.

Section 7.15 Liability of Officers and Employees. Except to the extent provided by Applicable Laws, no officer, official, commissioner, trustee, agent, representative or employee of any Party or affiliates of the Purchaser shall be charged personally by the other party or held contractually liable there to under any term or provision of this Agreement, because of any Party's execution or attempted execution or because of any breach or alleged breach thereof; provided however, that all persons and Parties remain solely responsible for any of their own criminal or fraudulent actions.

Section 7.16 Third Party Beneficiaries. It is not intended that this Agreement make any Person or entity a third party beneficiary hereof, notwithstanding the fact that Persons or entities other than the Purchaser and the County may be benefited thereby.

Section 7.17 Merger Clause. This Agreement (including the Schedules hereto) constitutes the entire agreement and understanding of the Parties with respect to the conveyance of the Facility Assets and all other matters addressed or referred to herein and supersedes all prior and contemporaneous agreements and understandings, representations and warranties, whether oral or written, relating to such matter.

Section 7.18 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the signature and seals thereto and hereto were upon the same instrument.

Section 7.19 Survival. All representations, warranties, covenants, stipulations, certificates, indemnities, and agreements contained herein or in any document delivered pursuant hereto shall survive the consummation of the transactions provided for in this Agreement or two (2) years.

Section 7.20 Public Announcements. During the period commencing on the Contract Date through and including the Closing Date, no party shall make any public announcement concerning this Agreement or the transactions contemplated herein other than as may be required by the Open Public Meetings Act or Open Public Records Act, without the prior consent of the other Parties, which consent shall not be unreasonably withheld or delayed.

Section 7.21 Appropriation of Funds. The President of the Board of County Commissioners of the County and the County Executive of the County agree, to the extent permitted by applicable law, to do all things lawfully within their respective powers annually to request the appropriation of funds by the Board of County Commissioners of Frederick County or the Frederick County Council, as the case may be, from which to pay all amounts properly due and payable under this Agreement. This obligation includes (without limitation) requesting adequate funds be included in the budget submitted to the Board of County Commissioners or the Frederick County Council, as the case may be, to meet the County's obligations hereunder in full in its next fiscal year budget. Nothing in this Section shall obligate the Board of County Commissioners of the County or the Frederick County Council to make any appropriation.

Section 7.22 Management Services Agreement. Prior to the date hereof, Purchaser and County entered into a management services agreement for the Facility, which management services shall extend from the date specified by the County through the Facility Lease Effective Date.

Section 7.23 Accounts Receivable. On the Facility Lease Effective Date, Purchaser shall buy all Facility accounts receivable arising out of or relating to all periods ending prior to the Facility Lease Effective Date, including all accounts receivable arising from the rendering of services and provision of medicine, drugs and supplies to patients at the Facility prior to the Facility Lease Effective Date, for the sum of One Million Five Hundred Thousand Dollars (\$1,500,000.00), which purchase price is not dependent upon the actual amount of accounts receivable that might ultimately be collected by Purchaser. All such accounts receivable shall be transferred by the County free and clear of all encumbrances on the Facility Lease Effective Date, by a bill of sale in the form attached as Exhibit F-1.

Section 7.24 Assignment by Purchaser. The Purchaser may assign this Agreement and its rights and obligations hereunder to an entity controlled by, or under common control with, the Purchaser without the consent of the County. Notwithstanding anything to the contrary, the County hereby acknowledges that it is the intent of the Purchaser to effect an IRS Section 1031 tax deferred exchange, which will not delay the Initial Property Closing or cause additional expense to the County. The Purchaser's rights under this agreement may be assigned to a "qualified intermediary" (as defined in Treas. Reg. §1.1031(k)-1(g)(4)), for the purpose of completing such an exchange. The County agrees to cooperate with the Purchaser and such intermediary in a manner necessary to complete the exchange.

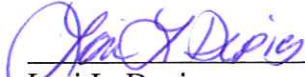
[Signature Page Follows]

IN WITNESS WHEREOF, the County, and the Purchaser have executed this Agreement, intending to be legally bound hereby as of the day and year first above written.

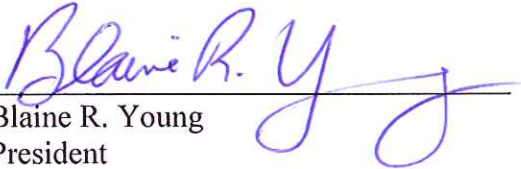
COUNTY:

ATTEST:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND



Lori L. Depies
County Manager


By: 

Blaine R. Young
President

PURCHASER:

ATTEST: *WITNESS*

AURORA HOLDINGS VII, LLC

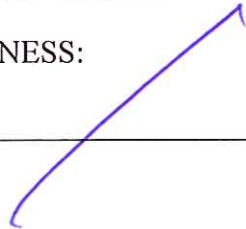


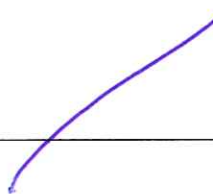
Print Name: *JILL MCINDEN*
Title: _____

By: 

Stanley H. Snow
President

WITNESS:





List of Exhibits

- Exhibit A - Description of Facility Real Property
- Exhibit B - Form of Ground Lease
- Exhibit C - Form of Deed of Easement
- Exhibit D-1 - Special Warranty Deed (Buildings and Improvements)
- Exhibit D-2 - Special Warranty Deed (Land)
- Exhibit E - Form of Assignment and Assumption Agreement
- Exhibit F-1 - Bill of Sale (Accounts Receivable)
- Exhibit F-2 - Bill of Sale (Facility Business Assets)
- Exhibit G - Form of Indemnity Escrow Agreement
- Exhibit H - Form of Facility Lease

EXHIBIT A

DESCRIPTION OF FACILITY REAL PROPERTY



January 24, 2014
HSA Job No. 7166
Page 1 of 3

Harris, Smariga & Associates, Inc.

Planners/Engineers/Surveyors
125 S. Carroll Street, Suite 100/Frederick, MD 21701
301-662-4488/FAX 301-662-4906

Description of Lease Area Over North Montevue Campus

That piece or parcel of land lying along the West Side of Rosemont Avenue and South of Rocky Springs Road, Being Part of the lands Conveyed unto The Board of County Commissioners of Frederick County by deed dated September 2, 1828 and recorded among the land records of Frederick county, Maryland in Liber JS 30 at Folio 157 and being more particularly described as follows.

BEGINNING at a point, said point being number 176 as shown on a Plat entitled "Case Number 07-750FSU, Dedication Plat, Part of the Property of The Board of County Commissioners of Frederick County, Maryland, Liber JS 30 at Folio 157" and recorded among the said land records in Plat Book 86 at Page 9, then following the outlines of said lands the following two (2) courses and distances,

S. 64° 53' 41" E. 58.02' to a point, Thence

S. 45° 07' 21" E. 405.23' to a point, said point lying on the west right of way line of Rosemont Avenue, thence with said road the following course and distance,

By a line curving to the right with a radius of 13565.00' and a length of 400.20', said arc subtended by a chord bearing S. 22° 39' 18" E. for a distance of 400.19' to a point. Thence leaving said right of way and running along the outline of said Lease Area the following Twenty Three (23) courses and distances,

N. 64° 56' 19" E. 21.10' to a point, Thence

S. 68° 52' 55" W. 81.83' to a point, Thence

By a line curving to the left with a radius of 15.12' and a length of 20.17', said arc subtended by a chord bearing S. 30° 39' 50" W. for a distance of 18.70' to a point, Thence

S. 07° 54' 20" E. 22.60' to a point, Thence

S. 82° 05' 40" W. 44.00' to a point, Thence

N. 07° 54' 20" W. 10.24' to a point, Thence



By a line curving to the left with a radius of 18.00' and a length of 22.73', said arc subtended by a chord bearing N. 44° 05' 17" W. for a distance of 21.25' to a point, Thence

By a line curving to the right with a radius of 317.68' and a length of 36.30', said arc subtended by a chord bearing N. 78° 30' 34" W. for a distance of 36.28' to a point, Thence

- S. 68° 37' 35" W. 133.99' to a point, Thence
- N. 65° 17' 09" W. 23.90' to a point, Thence
- S. 26° 42' 16" W. 25.03' to a point, Thence

By a line curving to the right with a radius of 297.25' and a length of 57.44', said arc subtended by a chord bearing N. 56° 47' 44" W. for a distance of 57.36' to a point, Thence

- S. 38° 44' 27" W. 14.75' to a point, Thence
- N. 51° 15' 33" W. 15.13' to a point, Thence
- S. 43° 43' 11" W. 99.69' to a point, Thence

By a line curving to the right with a radius of 412.00' and a length of 301.03', said arc subtended by a chord bearing N. 27° 01' 03" W. for a distance of 294.38' to a point, Thence

- N. 85° 23' 30" W. 4.95' to a point, Thence
- N. 04° 36' 30" E. 193.02' to a point, Thence

By a line curving to the left with a radius of 216.50' and a length of 24.07', said arc subtended by a chord bearing N. 01° 25' 25" E. for a distance of 24.06' to a point, Thence

- N. 01° 45' 41" W. 109.01' to a point, Thence

By a line curving to the right with a radius of 100.00' and a length of 11.01', said arc subtended by a chord bearing N. 01° 23' 37" E. for a distance of 11.01' to a point, Thence



January 24, 2014
HSA Job No. 7166
Page 3 of 3

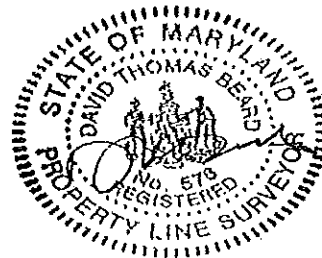
N. 04° 32' 55" E. 193.93' to a point, Thence

By a line curving to the right with a radius of 39.25' and a length of 39.55', said arc subtended by a chord bearing N. 33° 03' 23" E. for a distance of 37.90' to a point, said point lying on the south right of way line of Rocky Springs Road, Thence with said right of way the following course and distance,

S. 84° 52' 00" E. 88.98' to the place of Beginning.

The amount of Land contained by the foregoing amounts to 328,343 square feet or 7.538 acres more or less.

T:\7166-00000\Survey\Descriptions\Lease Area.doc



Vol. 670005 3/25/15

EXHIBIT B
FORM OF GROUND LEASE

GROUND LEASE

DATED AS OF [DATE]

BY AND BETWEEN

COUNTY COMMISSIONERS OF FREDERICK COUNTY, AS LESSOR

AND

AURORA HOLDINGS VII, LLC, AS LESSEE

GROUND LEASE

THIS GROUND LEASE (including all Exhibits hereto, and all amendments, modifications or supplements hereto, the “**Ground Lease**”) is made and entered into as of [DATE], by and between COUNTY COMMISSIONERS OF FREDERICK COUNTY (the “**County**”), a body politic and corporate and a political subdivision of the State of Maryland, as lessor, and AURORA HOLDINGS VII, LLC, a Maryland limited liability company (the “**Lessee**”), as lessee.

WITNESSETH

WHEREAS, the County is the owner of a certain parcel comprising approximately 7.538 acres of land situated at 1910-1920 Rosemount Avenue, Frederick, Maryland in Frederick County, Maryland, which is a portion of the property acquired by the County pursuant to a certain deed which is recorded among the Land Records of Frederick County, and which portion is more particularly described in Exhibit A attached hereto (the “**Leased Premises**”); and

WHEREAS, the Leased Premises is improved with certain facilities used by the County to deliver certain social services, nursing home services and assisted living services (collectively, the “**Improvements**”) as described more fully in Exhibit B attached hereto; and

WHEREAS, the County and the Lessee have entered into an Asset Purchase Agreement dated as of [DATE] (including all amendments, modifications or supplements thereto, the “**Asset Purchase Agreement**”) whereby the parties have agreed that the County shall sell and the Lessee shall purchase the Improvements and certain related assets, subject to certain terms and conditions set forth in the Asset Purchase Agreement; and

WHEREAS, the County desires to lease the Leased Premises to the Lessee, and the Lessee desires to lease the Leased Premises from the County;

NOW, THEREFORE, in consideration of the foregoing and of the covenants and mutual promises herein contained and other good and valuable consideration, as hereinafter provided (the receipt and adequacy of which the parties hereby acknowledge), the parties hereto mutually agree as follows:

1. RECITATIONS. The recitations set forth above are incorporated herein by reference.

2. PREMISES. The County does hereby lease and demise unto the Lessee, and the Lessee hereby enters into this Ground Lease with the County, the Leased Premises, together with all easements, rights, provisions, advantages, or appurtenances

pertaining or appertaining thereto. The lease hereunder shall be for the exclusive use of the Leased Premises by the Lessee for the term hereof.

3. TERM. The term of this Ground Lease shall be ninety-nine (99) years, commencing on the date of its execution and delivery, subject to the provisions of Section 15 hereof.

4. RENT. The Lessee shall pay to the County annual rent of One Dollar (\$1.00) with respect to the Leased Premises, for a total rent during the lease term of Ninety-Nine Dollars (\$99.00) payable in advance in a single lump sum on the date hereof, the receipt and adequacy of which is hereby acknowledged by the County.

5. RECORDATION AND TRANSFER TAXES. The County shall pay for preparation of this Ground Lease and one-half of all applicable transfer and recordation taxes associated with the leasehold estate granted hereby. The Lessee shall pay for (a) recording a memorandum of this Ground Lease, (b) for one-half of all recordation and transfer taxes associated with the leasehold estate granted hereby, (c) for all searches, survey, all title company settlement charges and title insurance costs and (d) for all other conveyancing and closing expenses. Each party shall pay its own legal fees.

6. USE OF THE LEASED PREMISES. The Leased Premises shall be used by the Lessee solely for the operation of the Improvements as a comprehensive care nursing home and assisted living facility, and any other lawful uses as are reasonably related or subordinate thereto, provided that if for any reason (including without limitation any changes in any zoning ordinance) the Leased Premises are no longer permitted to be used as either a comprehensive nursing home and assisted living facility, then Lessee may utilize the Leased Premises for any lawful use permitted by then then-generally applicable zoning ordinances. For all purposes hereof, during the term hereof, the Improvements shall constitute the sole and exclusive property of Lessee.

7. HAZARDOUS MATERIAL. The parties hereto acknowledge that the Lessee has obtained a Limited Phase II Subsurface Investigation, dated August 14, 2013, prepared by AEI Consultants. The County makes no representations or warranties as to the presence or absence of hazardous materials on the Leased Premises.

8. OPERATING EXPENSES AND RESPONSIBILITY.

(A) The Lessee shall at all times during the term hereof keep the Leased Premises and the Improvements in good repair, working order and operating condition. The Lessee shall be responsible for all aspects of the operation, maintenance, and policing of the Leased Premises and the Improvements, including, but not limited to, the payment of all operating expenses relating to the use and occupancy of the Leased Premises and the Improvements, such as (by way of illustration and not by way of limitation) all taxes, governmental assessments, levies, front foot benefit or similar charges, costs of maintenance of green space, sidewalks, landscaping and grounds

upkeep, cleaning and refuse removal, exterior lighting, snow and ice removal, maintenance and repair of the building and equipment, fixtures, roof, windows, electrical systems, utilities, janitorial services, refuse removal, telephone service, security, maintenance and repair of heating and air conditioning systems, plumbing systems, pest control, and any other work or expense incurred by virtue of the use, maintenance, and operation of the Leased Premises and the Improvements.

(B) The Lessee shall have the right to make improvements, modifications or alterations to the Improvements without the consent of the County, provided that all such improvements, modifications or alterations shall be in compliance with all generally applicable zoning, building code and other municipal or governmental requirements that are applied to other similarly situated properties.

(C) The Lessee shall be responsible for all water, sewer, storm water, drainage and other fees or assessments levied at any time or from time to time by any governmental entity with respect to the Leased Premises and the Improvements.

9. INSURANCE. The Lessee shall insure the Improvements against such risks, in such amounts, and subject to such terms and conditions, as shall be customary and reasonable for operators of facilities such as the Improvements. All such insurance shall be provided under policies issued by one or more insurance companies licensed in the State of Maryland and acceptable to the County. Without limiting the generality of the foregoing, the Lessee shall at all times maintain general liability insurance with respect to the Leased Premises and the Improvements, in an amount not less than \$1,000,000 covering all claims for bodily injury or death and property damage arising out of a single occurrence and \$3,000,000 for the aggregate of all occurrences during any given annual policy period. Such general liability insurance policy shall name the County as an additional named insured, and shall be primary insurance as to the County.

10. EMINENT DOMAIN; DESTRUCTION OF PREMISES.

(A) Subject to the provisions of Section 12, if all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, then the term of this Ground Lease shall cease as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily, under the power of eminent domain, then this Ground Lease shall continue in full force and effect and shall not be terminated by virtue of such taking, and the parties waive the benefit of any law to the contrary.

(B) Subject to the provisions of Section 12, in the event that the Leased Premises or the Improvements is destroyed or damaged from whatever cause so as to render all or a substantial portion of the Leased Premises or the Improvements unfit for the purposes for which the Leased Premises are leased hereunder, and sufficient monies

are available from insurance proceeds and other funding sources to reconstruct the Leased Premises and the Improvements in accordance with the Lease Agreement, then this Ground Lease shall not terminate but shall continue in full force and effect.

11. DEFAULT.

(A) The Lessee shall be in default of this Ground Lease upon the Lessee's failure to perform under any term, covenant, or condition of this Ground Lease and the continuance thereof for ninety (90) days after written notice from the County specifying such failure (or such longer period as may be reasonably required to correct the default with the exercise of due diligence).

(B) In the event that the Lessee shall be in default as hereinabove stated, and shall fail to cure such default within such ninety (90) day period (or such longer period as may be reasonably required to correct the default with the exercise of due diligence), then and in every such case thenceforth, at the option of the County, but subject to the provisions of Section 12, the County shall be entitled, at its option, to exercise any remedy available at law or in equity, including (without limitation) a suit for damages and a claim for injunctive relief, but may not terminate this Lease.

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE COUNTY ACKNOWLEDGES THAT ANY LIMITATION ON REMEDIES PROVIDED FOR HEREUNDER HAS BEEN GRANTED FOR ADEQUATE CONSIDERATION GIVEN BY LESSEE FOR UNDERTAKING ITS OBLIGATIONS HEREUNDER, AND THAT LESSEE WOULD NOT HAVE ENTERED INTO THIS LEASE OR ANY TRANSACTIONS RELATED HERETO ABSENT THE PROVISIONS HEREOF. IN CONSIDERATION OF THE FOREGOING, EACH OF THE PARTIES HEREBY WAIVES ANY RIGHT TO CHALLENGE THE ENFORCEABILITY OF THE PROVISIONS HEREOF.

12. PROVISIONS RELATING TO LESSEE'S MORTGAGE. The parties acknowledge that the Lessee will grant one or more leasehold mortgages or similar instruments (each, a "**Leasehold Mortgage**") of its leasehold interests and all of its right, title and interest in the Leased Premises and the Improvements hereunder to secure debt financing for its purchase of the Improvements pursuant to the provisions of the Asset Purchase Agreement, and from time to time thereafter for purposes of any refinancing or supplemental financing or for any other financing for any purpose obtained by Lessee. The County hereby consents to the execution and delivery of the Leasehold Mortgages in the form required by the respective lender(s) and to the exercise of remedies thereunder in accordance with the terms thereof.

For so long as any Leasehold Mortgage remains in force and effect and the debt or obligations secured thereby remains outstanding, the following provisions shall apply, notwithstanding any other provision hereof to the contrary:

(A) Any exercise of remedies (including without limitation any foreclosure or acceptance of a deed-in-lieu thereof) by any party whose interests are secured by a Leasehold Mortgage (a "Lienholder") shall be permitted, and shall not constitute a default hereunder and the Lease shall continue in full force and effect. If any such exercise of remedies results in a change of control of the Lessee, such change of control shall not be deemed to constitute an assignment hereof. Any liability against Lienholder in connection with this Lease shall be limited to its interest herein, and Lienholder shall only be responsible for the obligations hereunder to the extent it has assumed responsibility hereunder or otherwise completed any foreclosure process or accepted any deed in lieu thereof and, upon any assignment by Lienholder of its interest herein, it shall no longer be liable for any matters hereunder.

(B) The County shall not grant a lien on its fee simple ownership interest in the Leased Premises that is senior to or on parity with the lien of any Leasehold Mortgage, or which exceeds the Land Acquisition Price payable under the terms of the Asset Purchase Agreement. In the event that the County grants a lien on its fee simple ownership interest in the Leased Premises, such lien shall be subordinated to the lien of the Leasehold Mortgage, and the holder of any such lien shall attorn to the Lessee and not disturb the possession of Lessee thereunder and provide such subordination and non-disturbance agreement as Lessee or Lienholder may request in form and substance acceptable thereto.

(C) Any notice of default given by the County to the Lessee hereunder shall be given concurrently to the Lienholder in writing, at such address as shall have previously been provided to the County in writing, and no such notice shall be enforceable against Lessee unless Lienholder shall have been given the concurrent notice hereunder. Upon such notice, the Lienholder shall have the right, but not the obligation, to cure any such default and may take all such actions on behalf of itself or Lessee to do so. The Lienholder may exercise such cure right within one hundred and fifty (150) days of such notice; provided that if any such default is one of a nature that is personal to Lessee and cannot be cured by Lienholder, such period may be extended so long as Lienholder is diligently pursuing its remedies under the Leasehold Mortgage.

(D) The parties hereto shall not terminate (including without limitation pursuant to Section 12 hereof), modify, amend, cancel or supplement this Ground Lease without the prior written consent of the Lienholder, which consent shall not unreasonably be withheld.

(E) The Lienholder shall have the right to enter onto the Leased Premises at such times and in such fashion as shall reasonably be necessary to exercise its rights hereunder and under the Leasehold Mortgage.

(F) Upon any termination of this Ground Lease for any reason (including without limitation as the result of rejection by any party of the same in

bankruptcy), the County shall promptly enter into a ground lease with the Lienholder (or any designee of Lienholder) upon Lienholder's written request therefor, which ground lease shall be on substantially the same terms and conditions as this Ground Lease for the then-remaining term under this Ground Lease, provided that such ground lease shall have been prepared at the expense of the Lienholder. Lienholder's request to enter into such new ground lease pursuant to the terms hereof shall be delivered no later than one hundred eighty (180) days following the effective date of any such termination and, during the pendency of such period, the County may not enter into any other lease or occupancy agreement with respect to all or any portion of the Leased Premises unless Lienholder shall have waived its rights hereunder in writing.

(G) Upon the written request of the Lessee or the Lienholder, but not more frequently than semi-annually, the County shall provide further written assurances or estoppel certificates regarding the status of this Ground Lease and the Lessee's performance of its obligations hereunder. If required, the County shall provide an Estoppel Certificate which shall:

- (i) confirm that the County consents to the Leasehold Mortgage Loan;
- (ii) confirm the terms of the Ground Lease;
- (iii) identify all documents evidencing the Ground Lease;
- (iv) certify that there have been no unapproved changes in the Ground Lease;
- (v) confirm that the Ground Lease is in full force and effect;
- (vi) confirm that there are no known defaults, and no defaults pending under the terms of the Ground Lease (and no conditions existing which but for the passage of time or the giving of notice would result in a default under the Ground Lease);
- (vii) confirm the date through which rent has been paid; and
- (viii) contain such other reasonable provisions as may be necessary to satisfy any requirement that is not already contained in the Ground Lease.

(H) Compliance by the Lessee with the provisions of the Leasehold Mortgage or any other instrument or agreement entered into in connection therewith regarding liability and casualty insurance shall constitute compliance with the provisions of Section 8 hereof. The parties acknowledge that Lienholder shall be named as an "additional insured", "mortgagee", or "loss payee" as required in connection with the Leasehold Mortgage, and that all proceeds with respect to any insurance policy, or received or due and payable in connection with any condemnation or eminent domain proceeding (including without limitation any contemplated in Section 9 hereof) shall be

payable to, and applied by, Lienholder as more particularly provided for in the Leasehold Mortgage and the other instruments or agreements entered into in connection therewith.

(I) In the event that all or a portion of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Lienholder may direct, in its discretion, that any monetary proceeds of such taking be applied to the payment of the Lessee's obligations secured by the Leasehold Mortgage. In the event that the County or the Lessee shall be in receipt of proceeds of insurance due to the damage or destruction of the Improvements or any portion thereof, the Lienholder may direct, in its discretion, that such proceeds be applied to the payment of the Lessee's obligations secured by the Leasehold Mortgage.

(J) Upon the occurrence of a default by the Lessee hereunder, the County shall not terminate this Ground Lease without the prior written consent of the Lienholder in its sole discretion.

(K) The County hereby waives any landlord's lien against the Improvements or the assets of the Lessee.

(L) Each of Lessee and the County agree that any Lienholder is entitled to the benefits of this Section 12 and any other provisions hereof that purport to be for the benefit of Lienholder. As such, Lienholder is given the right by the parties hereto to enforce any and all of its rights and remedies under this Lease, including without limitation taking all actions at law or in equity as may be available to Lienholder to enforce its rights hereunder. The parties acknowledge that any such remedies may include without limitation the right to injunctive relief and/or specific performance, and the parties hereto waive the right to require proof of actual damages in connection therewith.

13. ASSIGNMENT. Subject to the provisions of Section 12, during the five (5) year period from the date hereof, the Lessee shall not assign its rights under this Ground Lease without the prior written consent of the County, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that Lessee shall demonstrate to the satisfaction of the County that any assignee shall have assumed the Lessee's obligations under the Continued Care Commitment Agreement dated as of _____ by and between the County and the Lessee. Any change of ownership interests within the Lessee, and any assignment of the Lessee's interest in this Ground Lease which results from the exercise of remedies by a Lienholder (including the exercise of receivership rights, the replacement of the manager or the Lienholder's acquisition, for itself or its designee, of the leasehold estate by foreclosure or deed-in-lieu) under a Leasehold Mortgage shall not be subject to this Section. and is permitted pursuant to the terms hereof, and further provided that following any foreclosure under a Leasehold Mortgage or acceptance of a deed in lieu thereof, Lienholder shall have the right to assign

or transfer its interest in this Ground Lease absent the prior written consent of the County or any other party.

14. LIENS AND ENCUMBRANCES.

(A) Subject to the provisions of Section 12, the Lessee shall not permit any liens to stand against the Leased Premises except for Permitted Encumbrances and Leasehold Mortgages.

(B) As used herein, "Permitted Encumbrances" means any of the following:

(i) any lien arising by reason of any good faith deposit of the Lessee, or in connection with any deposit by the Lessee to secure any public or statutory obligation, or to secure, or in lieu of, any surety, stay or appeal bond, and any deposit as security for the payment of taxes or assessments or other similar charges;

(ii) any lien arising by reason of any deposit with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license or to enable the Lessee to maintain self-insurance or to participate in any funds established to cover any insurance risk or in connection with workers' compensation, unemployment insurance, any pension or profit sharing plan for other social security, or to share in the privileges of benefits required for the participation of such Lessee in such arrangements;

(iii) any judgment lien against the Lessee that does not exceed One Hundred Thousand Dollars (\$100,000.00), so long as such judgment is being contested in good faith and is fully bonded or covered by insurance reasonably acceptable to the County;

(iv) any right reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting the Leased Premises; any lien on the Leased Premises for taxes, assessments, levies, fees, water and sewer rents or charges and other governmental and similar charges and any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or that is not delinquent or the amount or validity of which is being contested and execution thereon stayed;

(v) any mechanics or materialman's lien arising in the ordinary course of business, so long as Lessee is contesting the same in good faith, and provided any such lien is bonded off or discharged within 120 days;

(vi) any lien of any third-party payor for recoupment of amounts paid to the Lessee for patient care; and

(vii) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances as the County shall determine do not materially impair the value of the Leasehold Premises or the Improvements.

15. SEWER USE AUTHORIZATION. The parties hereto acknowledge that sanitary sewer service to the Leased Premises is provided by the City of Frederick (the "City"), and that the conveyance of sewage from the Leased Premises to the City's sewage collection system relies on a section of off-site, County-owned, 8-inch sanitary sewer, which is connected to the City's sewage collection system located on Rocky Springs Road.

The County grants the Lessee and any subsequent holder of the leasehold estate granted hereby, subject to the conditions and limitations provided below, authorization to use this section of the County's sewer for the purpose of conveying sanitary sewage to the City's sewage collection system. This authorization shall survive any termination of this Lease and remain valid as long as a nursing home and/or assisted living facility is operated at this location.

(A) Condition of Use. The Lessee agrees to discharges into the County owned sewer system only such sanitary sewage as is compliant with the County or City's wastewater discharge requirements, whichever are more stringent. The Lessee shall be responsible for the maintenance and repair of the private on-site sewage collection system that serves the Leased Premises. The County shall be responsible for the maintenance and repair of the off-site sewage collection system located on County property up to the connection point to the City's sewage collection system, subject to following conditions:

(i) The Lessee shall be responsible for the cost of repairs and maintenance to the County and City owned off-site sewer systems, to the extent caused by the discharge of unacceptable wastewater or debris from the Leased Premises, and

(ii) The Lessee shall maintain an active program, which includes a written plan reasonably satisfactory to the County that address how to ensure that (so-called) flushable wipes, disposable diapers, feminine hygiene products and other non-dispersible materials shall be excluded from the sewer system.

(B) Limitations of Use. The authorization set forth in this Section 15 does not provide sewage conveyance or treatment capacity beyond that which has been provided to the Leased Premises as of the date of the execution and delivery of this Ground Lease. The construction of additional facilities or the installation of additional drainage fixture units within the Leased Premises will require approval of the County and the City and will be subject to permit requirements and fees that exist when such improvement are made.

(C) Transfer of Use Authorization. The authorization set forth in this Section 15 is transferrable upon any transfer of the Leased Premises, without the approval of the County, but subject to all the terms and conditions of this Section; provided further, that no County consent shall be required for a transfer to the Lienholder Mortgagee.

16. NON-MERGER. The Ground Lease shall not terminate as to the Lienholder Mortgagee because of conveyance of the Ground Lessee's leasehold interest to the Ground Lessor or conveyance of the Ground Lessor's interest to the Ground Lessee.

17. SURRENDER. The County shall not accept a voluntary surrender or termination of the Ground Lease at any time when the leasehold estate is encumbered by the Leasehold Mortgage.

18. SURRENDER OF POSSESSION. The Lessee covenants that, at the expiration or sooner termination of this Ground Lease, the Lessee shall yield up to the County the Leased Premises in good, well-maintained, and working condition and all keys, locks, and other personal property connected therewith or affixed thereto.

19. HOLDOVER. In the event that the Lessee shall continue to occupy the Leased Premises or any part thereof after the expiration or sooner termination of this Ground Lease, the tenancy created by such holding over shall be deemed to be upon a month-to-month basis and may be terminated by either party giving the other not less than thirty (30) days' written notice, to expire on the first day of the month next succeeding the expiration of such thirty-day notice period. During any such month-to-month tenancy, both parties shall continue to perform and observe all agreements and covenants contained in this Ground Lease on its respective part to perform and observe.

20. QUIET POSSESSION. The County covenants and agrees that, if the Lessee shall perform and observe all the covenants, conditions, and agreements herein contained to be performed or observed on the Lessee's part, the Lessee shall at all times during the term of this Ground Lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes for which it leases the Leased Premises.

21. COMPLIANCE WITH LAWS. It is understood, agreed, and covenanted by and between the parties hereto that the Lessee or the County, at their respective expense and as their interests may appear, will promptly comply with, observe, and perform all of the requirements of all applicable statutes, ordinances, rules, orders, and regulations now in effect or hereinafter promulgated whether required by the federal government, State of Maryland, Frederick County government, or the government of the City of Frederick.

22. BENEFIT AND BURDEN. This Ground Lease is and shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective successors, assigns, or representatives.

23. WAIVER. No waiver of any breach of any covenant, condition, or agreement herein contained shall operate as a waiver of the covenant, condition, or agreement itself or of any subsequent breach thereof.

24. GOVERNING LAW. This Ground Lease shall be governed by and construed in accordance with the laws of the State of Maryland.

25. CONTRACT SOLICITATION. The Lessee represents that it has not retained anyone to solicit or secure this Ground Lease from the County upon an agreement or understanding for a commission, or a percentage, brokerage, or contingent fee, except for bona fide employees or an attorney rendering professional legal services consistent with applicable ethical standards or rules.

26. SEVERABILITY. In the event that any provision of this Ground Lease is deemed invalid, illegal, or unenforceable, such provision shall be considered severable, and the balance of this Ground Lease shall remain in force and be binding upon the parties as if such provision had never been included.

27. FURTHER ASSURANCES. The parties hereto agree that they will, from time to time, take such further action and shall execute and deliver such further instruments or agreements as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Ground Lease.

28. ENTIRE AGREEMENT; AMENDMENT. This Ground Lease, and the Exhibits attached hereto and made a part hereof and all documents referenced herein and made a part hereof, set forth all the covenants, promises, agreements, conditions, and understandings between the Lessee and the County concerning the Leased Premises. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the parties other than as set forth herein. No subsequent alteration, amendment, change, or addition to this Ground Lease shall be binding on either party unless reduced to writing and signed by the parties.

29. MAILING NOTICES. All notices required or desired to be given hereunder by either party to the other shall be given, and all payments required hereunder shall be made, by certified or registered mail, first-class postage and other fees prepaid and with return receipt requested, and shall be deemed to be effective when received (as evidenced by the return receipt) or refused by the addressee. Notices, or payments made, to a party shall be addressed and delivered to the other party as follows:

If to the County:

Frederick County Government
Winchester Hall
12 E. Church Street
Frederick, Maryland 21701
Attn: County Manager

If to the Lessee:

Aurora Holdings VII, LLC
8227 Cloverleaf Drive, Suite 309
Millersville, Maryland 21108
Attn: President

Either party may change its mailing address by giving notice thereof to the other in the manner set forth in this Section 25.

30. COUNTERPARTS. This Ground Lease may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

31. RECORDATION. The Parties agree to promptly execute duplicate originals of a Memorandum of Ground Lease in the form attached as Exhibit ___ hereto a, which will set forth a description of the Leased Property, the Term, and any additional provisions of this Lease as either Party may reasonably request. Such Memorandum of Ground Lease shall be promptly recorded in the appropriate real property records affecting the Leased Property at Lessee's expense.

[signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be properly executed as of the date and year first above written.

(SEAL)

ATTEST:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, as lessor

By: _____
Lori L. Depies, CPA
County Manager

By: _____
Blaine R. Young
President

(SEAL)

AURORA HOLDINGS VII, LLC, as
Lessee:

WITNESS:

By: _____

By: _____
Stanley Snow
President

BEING PAGE 13 OF THE GROUND LEASE DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY, AS LESSOR, AND AURORA HOLDINGS VII, LLC, AS LESSEE.

STATE OF MARYLAND)
) SS:
CITY/COUNTY OF _____)

On this _____ day of _____, 2014, before me, the undersigned, a Notary Public in and for said jurisdiction, personally appeared Blaine R. Young, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as the President of County Commissioners of Frederick County, and acknowledged to me that County Commissioners of Frederick County executed it.

WITNESS my hand and official seal.

(SEAL)

My Commission Expires:

Notary Public

STATE OF MARYLAND)
) SS:
CITY/COUNTY OF _____)

On this _____ day of _____, 2014, before me, the undersigned, a Notary Public in and for said jurisdiction, personally appeared Stanley Snow, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as the President of Aurora Holdings VII, LLC, and acknowledged to me that Aurora Holdings VII, LLC, executed it.

WITNESS my hand and official seal.

(SEAL)

My Commission Expires:

Notary Public

BEING PAGE 14 OF THE GROUND LEASE DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY, AS LESSOR, AND AURORA HOLDINGS VII, LLC, AS LESSEE.

THE UNDERSIGNED, an attorney admitted to practice before the Court of Appeals of the State of Maryland, hereby certifies that the within instrument was prepared by him.

James E. Cumbie

BEING PAGE 15 OF THE GROUND LEASE DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY, AS LESSOR, AND AURORA HOLDINGS VII, LLC, AS LESSEE.

EXHIBIT A

DESCRIPTION OF LEASED PREMISES



January 24, 2014
HSA Job No. 7166
Page 1 of 3

Harris, Smariga & Associates, Inc.

Planners/Engineers/Surveyors
125 S. Carroll Street, Suite 100/Frederick, MD 21701
301-662-4488/FAX 301-662-4906

**Description of
Lease Area
Over
North Montevue Campus**

That piece or parcel of land lying along the West Side of Rosemont Avenue and South of Rocky Springs Road, Being Part of the lands Conveyed unto The Board of County Commissioners of Frederick County by deed dated September 2, 1828 and recorded among the land records of Frederick county, Maryland in Liber JS 30 at Folio 157 and being more particularly described as follows.

BEGINNING at a point, said point being number 176 as shown on a Plat entitled "Case Number 07-750FSU, Dedication Plat, Part of the Property of The Board of County Commissioners of Frederick County, Maryland, Liber JS 30 at Folio 157" and recorded among the said land records in Plat Book 86 at Page 9, then following the outlines of said lands the following two (2) courses and distances,

S. 64° 53' 41" E. 58.02' to a point, Thence

S. 45° 07' 21" E. 405.23' to a point, said point lying on the west right of way line of Rosemont Avenue, thence with said road the following course and distance,

By a line curving to the right with a radius of 13565.00' and a length of 400.20', said arc subtended by a chord bearing S. 22° 39' 18" E. for a distance of 400.19' to a point. Thence leaving said right of way and running along the outline of said Lease Area the following Twenty Three (23) courses and distances,

N. 64° 56' 19" E. 21.10' to a point, Thence

S. 68° 52' 55" W. 81.83' to a point, Thence

By a line curving to the left with a radius of 15.12' and a length of 20.17', said arc subtended by a chord bearing S. 30° 39' 50" W. for a distance of 18.70' to a point, Thence

S. 07° 54' 20" E. 22.60' to a point, Thence

S. 82° 05' 40" W. 44.00' to a point, Thence

N. 07° 54' 20" W. 10.24' to a point, Thence



By a line curving to the left with a radius of 18.00' and a length of 22.73', said arc subtended by a chord bearing N. 44° 05' 17" W. for a distance of 21.25' to a point, Thence

By a line curving to the right with a radius of 317.68' and a length of 36.30', said arc subtended by a chord bearing N. 78° 30' 34" W. for a distance of 36.28' to a point, Thence

- S. 68° 37' 35" W. 133.99' to a point, Thence
- N. 65° 17' 09" W. 23.90' to a point, Thence
- S. 26° 42' 16" W. 25.03' to a point, Thence

By a line curving to the right with a radius of 297.25' and a length of 57.44', said arc subtended by a chord bearing N. 56° 47' 44" W. for a distance of 57.36' to a point, Thence

- S. 38° 44' 27" W. 14.75' to a point, Thence
- N. 51° 15' 33" W. 15.13' to a point, Thence
- S. 43° 43' 11" W. 99.69' to a point, Thence

By a line curving to the right with a radius of 412.00' and a length of 301.03', said arc subtended by a chord bearing N. 27° 01' 03" W. for a distance of 294.38' to a point, Thence

- N. 85° 23' 30" W. 4.95' to a point, Thence
- N. 04° 36' 30" E. 193.02' to a point, Thence

By a line curving to the left with a radius of 216.50' and a length of 24.07', said arc subtended by a chord bearing N. 01° 25' 25" E. for a distance of 24.06' to a point, Thence

- N. 01° 45' 41" W. 109.01' to a point, Thence

By a line curving to the right with a radius of 100.00' and a length of 11.01', said arc subtended by a chord bearing N. 01° 23' 37" E. for a distance of 11.01' to a point, Thence



January 24, 2014
HSA Job No. 7166
Page 3 of 3

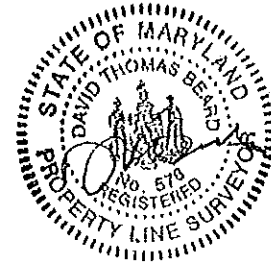
N. $04^{\circ} 32' 55''$ E. 193.93' to a point, Thence

By a line curving to the right with a radius of 39.25' and a length of 39.55', said arc subtended by a chord bearing N. $33^{\circ} 03' 23''$ E. for a distance of 37.90' to a point, said point lying on the south right of way line of Rocky Springs Road, Thence with said right of way the following course and distance,

S. $84^{\circ} 52' 00''$ E. 88.98' to the place of Beginning.

The amount of Land contained by the foregoing amounts to 328,343 square feet or 7.538 acres more or less.

T:\7166-00000\Survey\Descriptions\Lease Area.doc



Lvl. 620005 3/25/15

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS

A 170-bed skilled nursing facility operated under the name "Citizens Care and Rehabilitation Center", and a 75-unit assisted living facility operated under the name "Montevue Assisted Living Facility", located at 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702.

EXHIBIT C
FORM OF DEED OF EASEMENT

DEED OF EASEMENT

By and Between

COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND

and

AURORA HOLDINGS VII, LLC

Dated as of [DATE]

DEED OF EASEMENT

THIS DEED OF EASEMENT (this "Deed"), dated as of [DATE], by and between COUNTY COMMISSIONERS OF FREDERICK COUNTY (the "County") and AURORA HOLDINGS VII, LLC (the "Facility Owner") recites and provides:

RECITALS

A. The County is the owner in fee simple of the parcel of land located in Frederick County, Maryland and more fully described in Exhibit A attached hereto (the "Land").

B. Pursuant to the terms of the Asset Purchase Agreement dated as of [DATE], by and between the County and the Facility Owner (the "Purchase Agreement"), the County, as seller, has agreed to sell certain facilities, as more fully described in Exhibit B attached hereto (collectively, the "Improvements") and the Land to the Facility Owner.

C. In order to permit the Facility Owner to exercise its rights under the Purchase Agreement, the County now desires to grant and convey an easement to the Facility Owner over, upon, under, across and through the Land, all upon the following rights and obligations and otherwise as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Facility Owner agree as follows.

1. RECITATIONS. The recitations set forth above are incorporated herein by reference.

2. GRANT OF EASEMENT.

(A) The County hereby grants and conveys to the Facility Owner a perpetual, non-exclusive easement over, upon, under, across and through the Land for the benefit of the Facility Owner, its contractors, employees, agents, guests, licensees, and invitees, for exercise of the Facility Owner's rights under the Purchase Agreement following the Initial Closing, at the Facility Owner's sole costs and expense subject to all easements, conditions, encumbrances and restrictions of record insofar as they may affect the Land, together with the use in common with others of that certain easement for pedestrian and vehicular ingress and egress, emergency access and access for deliveries, utility connections and services, stormwater drainage, trash removal and all other lawful uses, all as described in that certain Declaration to Establish and Retain Easement dated June 11, 2013 made by the Board of County Commissioners of Frederick County, Maryland as Declarant, recorded in the Land Records of Fredrick County, Maryland, at Book 09596, Page 0080 ("Declaration") and together with all of the rights reserved for the use of such easement, and subject to the limitations and restrictions set forth in such Declaration (collectively, the "Easement").

(B) The Easement shall be a covenant running with the land as an easement appurtenant to the Land for the benefit of the Facility Owner and shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

3. TERM. The Easement shall remain in full force and effect in perpetuity.

4. USE OF THE LAND. The Land shall be used by the Facility Owner solely for the operation of the Improvements as a comprehensive care nursing home and assisted living facility, and any other lawful uses as are reasonably related or subordinate thereto.

5. HAZARDOUS MATERIAL. The parties hereto acknowledge that the Facility Owner has obtained a Limited Phase II Subsurface Investigation, dated August 14, 2013, prepared by AEI Consultants. The County makes no representations or warranties as to the presence or absence of hazardous materials on the Land.

6. RECORDATION AND TRANSFER TAXES. The County shall pay for preparation of this Deed of Easement and one-half of all applicable transfer and recordation taxes associated with the easement granted hereby. The Facility Owner shall pay for (a) recording this Deed of Easement, (b) for one-half of all recordation and transfer taxes associated with the easement granted hereby, (c) for all searches, survey, all title company settlement charges and title insurance costs and (d) for all other conveyancing and closing expenses. Each party shall pay its own legal fees.

7. OPERATING EXPENSES AND RESPONSIBILITY.

(A) The Facility Owner shall at all times during the term hereof keep the Land and the Improvements in good repair, working order and operating condition. The Facility Owner shall be responsible for all aspects of the operation, maintenance, and policing of the Land and Improvements, including but not limited to the payment of all operating expenses relating to the use and occupancy of the Land and Improvements, such as (by way of illustration and not by way of limitation) all taxes, governmental assessments, levies, front foot benefit or similar charges, costs of maintenance of green space, sidewalks, landscaping and grounds upkeep, cleaning and refuse removal, exterior lighting, snow and ice removal, maintenance and repair of the building and equipment, fixtures, roof, windows, electrical systems, utilities, janitorial services, refuse removal, telephone service, security, maintenance and repair of heating and air conditioning systems, plumbing systems, pest control, and any other work or expense incurred by virtue of the use, maintenance, and operation of the Land and the Improvements.

(B) The Facility Owner shall have the right to make improvements, modifications or alterations to the Improvements and the Land without the consent of the

County, provided that all such improvements, modifications or alterations shall be in compliance with all applicable zoning, building code and other municipal or governmental requirements.

(C) The Facility Owner shall be responsible for all water, sewer, storm water, and drainage fees or assessments levied at any time or from time to time by any governmental entity with respect to the Land and the Improvements.

8. INSURANCE. The Facility Owner shall insure the Improvements against such risks, in such amounts, and subject to such terms and conditions, as shall be customary and reasonable for operators of facilities such as the Improvements. All such insurance shall be provided under policies issued by one or more insurance companies licensed in the State of Maryland and acceptable to the County.

9. SEWER USE AUTHORIZATION. The parties hereto acknowledge that sanitary sewer service to the Land and the Improvements is provided by the City of Frederick (the "City"), and that the conveyance of sewage from the Land and the Improvements to the City's sewage collection system relies on a section of off-site, County-owned, 8-inch sanitary sewer, which is connected to the City's sewage collection system located on Rocky Springs Road.

The County grants the Facility Owner and any subsequent holder of the easement granted hereby, subject to the conditions and limitations provided below, authorization to use this section of the County's sewer for the purpose of conveying sanitary sewage to the City's sewage collection system. This authorization shall survive any termination of this Deed of Easement and remain valid as long as a nursing home and/or assisted living facility is operated at this location.

(A) Condition of Use. The Facility Owner agrees to discharges into the County owned sewer system only such sanitary sewage as is compliant with the County or City's wastewater discharge requirements, whichever are more stringent. The Facility Owner shall be responsible for the maintenance and repair of the private on-site sewage collection system that serves the Land and the Improvements. The County shall be responsible for the maintenance and repair of the off-site sewage collection system located on County property up to the connection point to the City's sewage collection system, subject to following conditions:

(i) The Facility Owner shall be responsible for the cost of repairs and maintenance to the County and City owned off-site sewer systems, to the extent caused by the discharge of unacceptable wastewater or debris from the Leased Premises, and

(ii) The Facility Owner shall maintain an active program, which includes a written plan reasonably satisfactory to the County that address how to ensure that (so-called) flushable wipes, disposable diapers, feminine hygiene products and other non-dispersible materials shall be excluded from the sewer system.

(B) Limitations of Use. The authorization set forth in this Section 9 does not provide sewage conveyance or treatment capacity beyond that which has been provided to the Land and the Improvements as of the date of the execution and delivery of this Deed of Easement. The construction of additional facilities or the installation of additional drainage fixture units within the Land and the Improvements will require approval of the County and the City and will be subject to permit requirements and fees that exist when such improvement are made.

(C) Transfer of Use Authorization. The authorization set forth in this Section 9 is transferrable upon any transfer of the Land and the Improvements, without the approval of the County, but subject to all the terms and conditions of this Section.

10. WAIVER. No waiver of any breach of any covenant, condition, or agreement herein contained shall operate as a waiver of the covenant, condition, or agreement itself or of any subsequent breach thereof.

11. GOVERNING LAW. This Deed of Easement shall be governed by and construed in accordance with the laws of the State of Maryland.

12. SEVERABILITY. In the event that any provision of this Deed of Easement is deemed invalid, illegal, or unenforceable, such provision shall be considered severable, and the balance of this Deed of Easement shall remain in force and be binding upon the parties as if such provision had never been included.

13. FURTHER ASSURANCES. The parties hereto agree that they will, from time to time, take such further action and shall execute and deliver such further instruments or agreements as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Deed of Easement.

14. ENTIRE AGREEMENT; AMENDMENT. This Deed of Easement, and the Exhibits attached hereto and made a part hereof and all documents referenced herein and made a part hereof, set forth all the covenants, promises, agreements, conditions, and understandings between the Lessee and the County concerning the easement granted herein. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the parties other than as set forth herein. No subsequent alteration, amendment, change, or addition to this Deed of Easement shall be binding on either party unless reduced to writing and signed by the parties.

15. MAILING NOTICES. All notices required or desired to be given hereunder by either party to the other shall be given, and all payments required hereunder shall be made, by certified or registered mail, first-class postage and other fees prepaid and with return receipt requested, and shall be deemed to be effective when received (as evidenced by the return receipt) or refused by the addressee. Notices, or payments made, to a party shall be addressed and delivered to the other party as follows:

If to the County:

Frederick County Government
Winchester Hall
12 E. Church Street
Frederick, Maryland 21701
Attn: County Manager

If to the Facility Owner:

Aurora Holdings VII, LLC
8227 Cloverleaf Drive, Suite 309
Millersville, Maryland 21108
Attn: President

Either party may change its mailing address by giving notice thereof to the other in the manner set forth in this Section 14.

16. COUNTERPARTS. This Deed of Easement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

[signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Deed of Easement to be properly executed as of the date and year first above written.

(SEAL)

ATTEST:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY

By: _____
Lori L. Depies, CPA
County Manager

By: _____
Blaine R. Young
President

(SEAL)

AURORA HOLDINGS VII, LLC, as
Facility Owner:

WITNESS:

By: _____

By: _____
Stanley Snow
President

BEING PAGE 5 OF THE DEED OF EASEMENT DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY AND AURORA HOLDINGS VII, LLC

STATE OF MARYLAND)
) SS:
CITY/COUNTY OF _____)

On this _____ day of _____, 2014, before me, the undersigned, a Notary Public in and for said jurisdiction, personally appeared Blaine R. Young, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as the President of County Commissioners of Frederick County, and acknowledged to me that County Commissioners of Frederick County executed it.

WITNESS my hand and official seal.

(SEAL)

My Commission Expires: _____
Notary Public

STATE OF MARYLAND)
) SS:
CITY/COUNTY OF _____)

On this _____ day of _____, 2014, before me, the undersigned, a Notary Public in and for said jurisdiction, personally appeared Stanley Snow, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as the President of the Aurora Holdings VII, LLC, and acknowledged to me that the Aurora Holdings VII, LLC executed it.

WITNESS my hand and official seal.

(SEAL)

My Commission Expires: _____
Notary Public

BEING PAGE 6 OF THE DEED OF EASEMENT DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY AND AURORA HOLDINGS VII, LLC

THE UNDERSIGNED, an attorney admitted to practice before the Court of Appeals of the State of Maryland, hereby certifies that the within instrument was prepared by him.

James E. Cumbie

BEING PAGE 7 OF THE DEED OF EASEMENT DATED AS OF [DATE] BY AND BETWEEN COUNTY COMMISSIONERS OF FREDERICK COUNTY AND AURORA HOLDINGS VII, LLC

EXHIBIT A

DESCRIPTION OF LAND



January 24, 2014
HSA Job No. 7166
Page 1 of 3

Harris, Smariga & Associates, Inc.

Planners/Engineers/Surveyors
125 S. Carroll Street, Suite 100/Frederick, MD 21701
301-662-4488/FAX 301-662-4906

**Description of
Lease Area
Over
North Montevue Campus**

That piece or parcel of land lying along the West Side of Rosemont Avenue and South of Rocky Springs Road, Being Part of the lands Conveyed unto The Board of County Commissioners of Frederick County by deed dated September 2, 1828 and recorded among the land records of Frederick county, Maryland in Liber JS 30 at Folio 157 and being more particularly described as follows.

BEGINNING at a point, said point being number 176 as shown on a Plat entitled "Case Number 07-750FSU, Dedication Plat, Part of the Property of The Board of County Commissioners of Frederick County, Maryland, Liber JS 30 at Folio 157" and recorded among the said land records in Plat Book 86 at Page 9, then following the outlines of said lands the following two (2) courses and distances,

S. 64° 53' 41" E. 58.02' to a point, Thence

S. 45° 07' 21" E. 405.23' to a point, said point lying on the west right of way line of Rosemont Avenue, thence with said road the following course and distance,

By a line curving to the right with a radius of 13565.00' and a length of 400.20', said arc subtended by a chord bearing S. 22° 39' 18" E. for a distance of 400.19' to a point. Thence leaving said right of way and running along the outline of said Lease Area the following Twenty Three (23) courses and distances,

N. 64° 56' 19" E. 21.10' to a point, Thence

S. 68° 52' 55" W. 81.83' to a point, Thence

By a line curving to the left with a radius of 15.12' and a length of 20.17', said arc subtended by a chord bearing S. 30° 39' 50" W. for a distance of 18.70' to a point, Thence

S. 07° 54' 20" E. 22.60' to a point, Thence

S. 82° 05' 40" W. 44.00' to a point, Thence

N. 07° 54' 20" W. 10.24' to a point, Thence



By a line curving to the left with a radius of 18.00' and a length of 22.73', said arc subtended by a chord bearing N. 44° 05' 17" W. for a distance of 21.25' to a point, Thence

By a line curving to the right with a radius of 317.68' and a length of 36.30', said arc subtended by a chord bearing N. 78° 30' 34" W. for a distance of 36.28' to a point, Thence

- S. 68° 37' 35" W. 133.99' to a point, Thence
- N. 65° 17' 09" W. 23.90' to a point, Thence
- S. 26° 42' 16" W. 25.03' to a point, Thence

By a line curving to the right with a radius of 297.25' and a length of 57.44', said arc subtended by a chord bearing N. 56° 47' 44" W. for a distance of 57.36' to a point, Thence

- S. 38° 44' 27" W. 14.75' to a point, Thence
- N. 51° 15' 33" W. 15.13' to a point, Thence
- S. 43° 43' 11" W. 99.69' to a point, Thence

By a line curving to the right with a radius of 412.00' and a length of 301.03', said arc subtended by a chord bearing N. 27° 01' 03" W. for a distance of 294.38' to a point, Thence

- N. 85° 23' 30" W. 4.95' to a point, Thence
- N. 04° 36' 30" E. 193.02' to a point, Thence

By a line curving to the left with a radius of 216.50' and a length of 24.07', said arc subtended by a chord bearing N. 01° 25' 25" E. for a distance of 24.06' to a point, Thence

- N. 01° 45' 41" W. 109.01' to a point, Thence

By a line curving to the right with a radius of 100.00' and a length of 11.01', said arc subtended by a chord bearing N. 01° 23' 37" E. for a distance of 11.01' to a point, Thence



January 24, 2014
HSA Job No. 7166
Page 3 of 3

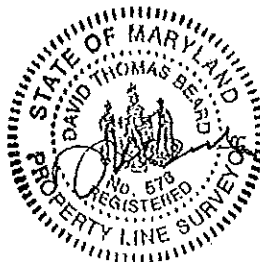
N. $04^{\circ} 32' 55''$ E. 193.93' to a point, Thence

By a line curving to the right with a radius of 39.25' and a length of 39.55', said arc subtended by a chord bearing N. $33^{\circ} 03' 23''$ E. for a distance of 37.90' to a point, said point lying on the south right of way line of Rocky Springs Road, Thence with said right of way the following course and distance,

S. $84^{\circ} 52' 00''$ E. 88.98' to the place of Beginning.

The amount of Land contained by the foregoing amounts to 328,343 square feet or 7.538 acres more or less.

T:\7166-00000\Survey\Descriptions\Lease Area.doc



W.C. Beard 3/25/15

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS

A 170-bed skilled nursing facility operated under the name "Citizens Care and Rehabilitation Center", and a 75-unit assisted living facility operated under the name "Montevue Assisted Living Facility", located at 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702.

EXHIBIT D-1

SPECIAL WARRANTY DEED

(Buildings and Improvements)

THIS SPECIAL WARRANTY DEED (this "**Deed**") is made and entered into as of the _____ day of _____, 2014, by and between **COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND**, a body politic and corporate and a political subdivision of the State of Maryland (the "**Grantor**") to **AURORA HOLDINGS VII, LLC**, a Maryland limited liability company (the "**Grantee**").

WITNESSETH:

IN CONSIDERATION of the sum of Twenty-Nine Million Six Hundred Thousand Dollars (\$29,600,000) paid by the Grantee to the Grantor, the receipt and sufficiency of which are hereby acknowledged by the Grantor, the Grantor by these presents does hereby grant, convey, bargain and sell unto the Grantee, its successors and assigns, in fee simple, all buildings, sidewalks, parking lots, landscaping, driveways and all other structures and improvements (collectively, the "**Improvements**") located at 1910 and 1920 Rosemont Avenue, Frederick, Frederick County, Maryland 21702, which property is more particularly described in Exhibit A attached to this Deed and incorporated herein by this reference (the "**Property**").

TO HAVE AND TO HOLD, the Improvements unto and to the use of the Grantee, its successors and assigns in fee simple, forever.

AND the Grantor hereby covenants to and with the Grantee and its successors and assigns that the Grantor will warrant specially the Improvements conveyed by this Deed and that the Grantor will execute such further assurances of the Property as may be requisite.

[Signature Page Follows]

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed, sealed and delivered by its authorized representative as of the date first hereinabove written.

WITNESS/ATTEST:

GRANTOR

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

STATE OF MARYLAND *
* to wit:
COUNTY OF FREDERICK *

I HEREBY CERTIFY that on this ____ day of _____, 2014, before me, a Notary Public in and for the State and County aforesaid, personally appeared Blaine R. Young, known to me (or satisfactorily proven) to be the President of the County Commissioners of Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland, and that such officer, being authorized to do so, executed the foregoing instrument on behalf of said corporation for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and notarial seal.

Notary Public

My Commission expires: _____

[NOTARIAL SEAL]

CERTIFICATION

In accordance with Section 3-104(f) of the Real Property Article, Annotated Code of Maryland, as amended, I hereby certify that I am an attorney admitted to practice before the Court of Appeals of Maryland and that the attached instrument was prepared either by me or under my supervision.

Thomas B. Lewis, Esquire

Return to:

James D. Fisher, Vice President
Continental Title Group
1500 Whetstone Way
Suite T-100
Baltimore, Maryland 21230

EXHIBIT A

PROPERTY DESCRIPTION

EXHIBIT D-2

SPECIAL WARRANTY DEED

(Land)

THIS SPECIAL WARRANTY DEED (this "Deed") is made and entered into as of the _____ day of _____, 2014, by and between **COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND**, a body politic and corporate and a political subdivision of the State of Maryland (the "Grantor") to **AURORA HOLDINGS VII, LLC**, a Maryland limited liability company (the "Grantee").

WITNESSETH:

IN CONSIDERATION of the sum of Four Hundred Thousand Dollars (\$400,000) paid by the Grantee to the Grantor, the receipt and sufficiency of which are hereby acknowledged by the Grantor, the Grantor by these presents does hereby grant, convey, bargain and sell unto the Grantee, its successors and assigns, in fee simple, that certain parcel of land located at 1910 and 1920 Rosemont Avenue, Frederick, Frederick County, Maryland 21702, as the same is legally and more particularly described in Exhibit A attached to this Deed and incorporated herein by this reference (the "**Property**").

TOGETHER WITH all of the ways, easements, rights, covenants, benefits, rights-of-way, agreements, privileges, and appurtenances to the same belonging, enjoyed by, or in any way benefiting or appertaining to the Property.

TO HAVE AND TO HOLD, the Property and appurtenances unto and to the use of the Grantee, its successors and assigns in fee simple, forever.

AND the Grantor hereby covenants to and with the Grantee and its successors and assigns that the Grantor will warrant specially the Property conveyed by this Deed and that the Grantor will execute such further assurances of the Property as may be requisite.

[Signature Page Follows]

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed, sealed and delivered by its authorized representative as of the date first hereinabove written.

WITNESS/ATTEST:

GRANTOR

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

STATE OF MARYLAND *
* to wit:
COUNTY OF FREDERICK *

I HEREBY CERTIFY that on this ___ day of April, 2014, before me, a Notary Public in and for the State and County aforesaid, personally appeared Blaine R. Young, known to me (or satisfactorily proven) to be the President of the County Commissioners of Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland, and that such officer, being authorized to do so, executed the foregoing instrument on behalf of said corporation for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and notarial seal.

Notary Public

My Commission expires: _____

[NOTARIAL SEAL]

CERTIFICATION

In accordance with Section 3-104(f) of the Real Property Article, Annotated Code of Maryland, as amended, I hereby certify that I am an attorney admitted to practice before the Court of Appeals of Maryland and that the attached instrument was prepared either by me or under my supervision.

Thomas B. Lewis, Esquire

Return to:

James D. Fisher, Vice President
Continental Title Group
1500 Whetstone Way
Suite T-100
Baltimore, Maryland 21230

EXHIBIT A

PROPERTY DESCRIPTION

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made as of the ___ day of _____, 2014, (the "Agreement") by and among Aurora Holdings VII, LLC, a Maryland limited liability company (the "Purchaser"), and County Commissioners of Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland (the "Seller"), (the Purchaser and the Seller being sometimes referred to herein as the "Parties"). Certain capitalized terms used herein are defined in Article I.

W I T N E S E T H:

WHEREAS, the Parties have entered into an Asset Purchase Agreement dated May 1, 2014 (the "APA") pursuant to which the Purchaser shall initially lease, then upon satisfaction of certain conditions, purchase certain real and personal property in Frederick, Maryland, on the terms set forth therein.

WHEREAS, as provided in the APA, Purchaser wishes to assume from Seller, and Seller desires to assign to Purchaser, all of the Assigned Contracts (as defined below).

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, agreements and warranties herein contained, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 Definitions. The following terms shall have the following meanings for the purposes of this Agreement:

"Affiliate" shall mean, with respect to any specified Person, (a) any other Person which, directly or indirectly, owns or controls, is under common ownership or control with, or is owned or controlled by, such specified Person, (b) any other Person which is a director, officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class or series of equity securities of the specified Person or a Person described in clause (a) of this paragraph, or (c) another Person of which the specified Person is a director, officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities.

"Agreement" shall mean this Assignment and Assumption Agreement, including all exhibits and schedules hereto, as it may be amended from time to time.

"Contract" shall mean any contract, lease, commitment, understanding, sales order, purchase order, agreement, indenture, mortgage, note, bond, right, warrant, instrument, plan, permit or license, whether written or oral, which is intended or purports to be binding and enforceable.

"**Governmental Authority**" shall mean the government of the United States or any foreign country, any state or political subdivision thereof, or any entity, body or authority exercising executive, legislative, judicial, regulatory, administrative or other governmental functions or any court, department, commission, board, agency, instrumentality or administrative body of any of the foregoing.

"**Law**" shall mean any law, statute, regulation, ordinance, rule, order, decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated, or entered into, agreed or imposed by any Governmental Authority.

"**Lien**" shall mean any mortgage, lien, charge, restriction, pledge, security interest, option, claim, easement, encroachment or encumbrance.

"**Person**" shall mean any individual, corporation, proprietorship, firm, partnership, limited partnership, limited liability company, trust, association, Governmental Authority or other entity.

ARTICLE II ASSIGNMENT AND ASSUMPTION OF ASSETS

2.1 Assignment of Certain Contracts. Subject to the terms and conditions of this Agreement, Seller hereby assigns and transfers to Purchaser, all of its right, title and interest in and to, and Purchaser hereby takes assignment of, each contract of Seller listed on Schedule A attached hereto and incorporated by reference herein (the "**Assigned Contracts**").

2.2 Assumed Liabilities. Upon the consummation of the transaction contemplated herein (the "**Closing**"), Purchaser shall assume, and agree to pay, perform, fulfill and discharge, the liabilities and obligations of Seller under the Assigned Contracts, to the extent arising out of, or resulting from, facts, events and circumstances occurring, or which accrue after the Facility Lease Effective Date (as defined in the APA) (other than due to any failure to comply with or breach of any obligations of Seller whether before or after the Facility Lease Effective Date under such Assigned Contracts, and other than to the extent such obligations would be a violation of Law). The obligations of Purchaser under this Section shall be referred to collectively as the "**Assumed Liabilities**".

2.3 Excluded Liabilities. The Assumed Liabilities shall not include any liabilities or obligations of Seller or any of its Affiliates which are not described in Section 2.2 (the "**Excluded Liabilities**"). Except for the Assumed Liabilities and Purchaser's obligations under the APA on this Agreement, neither Purchaser nor any of its Affiliates shall assume or otherwise be liable in respect of any debt, claim, obligation or other liability of Seller or any of its Affiliates whatsoever, including any payable, debt, tort, violation of Law, or breach of any Contract.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Purchaser, as of the date hereof as follows:

3.1 Due Authorization. Seller has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement has been duly and validly approved by all necessary corporate or other action. Seller has duly and validly executed and delivered this Agreement. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally, or (b) by equitable limitations on the availability of specific remedies.

3.2 Consents and Approvals. Except as otherwise set forth in this Agreement, no consent, authorization or approval of, filing or registration with, or cooperation from, any Governmental Authority or any other Person not a party to this Agreement is necessary in connection with the execution, delivery and performance by Seller of this Agreement and the consummation by Seller of the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement does not and will not (i) violate or conflict with, result in a breach or termination of, constitute a default under, or permit cancellation of any Assigned Contract, (ii) result in the creation of any Lien upon any of the Purchased Assets, or (iii) violate or conflict with any provision of the authorizing legislation of Seller.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER**

Purchaser represents and warrants to Seller, as of the date hereof, as follows:

4.1 Due Incorporation. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization with all requisite power and authority to own, lease and operate its properties and to carry on its business as they are now being owned, leased, operated and conducted.

4.2 Due Authorization. Purchaser has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Purchaser of this Agreement have been duly and validly approved by all necessary corporate or other action. Purchaser has duly and validly executed and delivered this Agreement. This Agreement constitutes the legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally or (b) by equitable limitations on the availability of specific remedies.

4.3 Consents and Approvals. No consent, authorization or approval of, filing or registration with, or cooperation from, any Governmental Authority or any other Person not a party to this Agreement is necessary in connection with the execution, delivery and performance

by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby or thereby. The execution, delivery and performance by Purchaser of this Agreement does not and will not (i) violate or conflict with, result in a breach or termination of, constitute a default under, or permit cancellation of any material contract to which Purchaser is a party or to which any of its assets is subject, or (ii) violate or conflict with any provision of Purchaser's organizational documents.

**ARTICLE V
MISCELLANEOUS**

5.1 Amendment. This Agreement may be amended, modified or supplemented only by written agreement of the parties.

5.2 Counterparts. This Agreement may be executed in counterparts, and such counterparts may be delivered via facsimile transmission or via email with scan or email attachment, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.3 Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Maryland without giving effect to the principles of conflicts of law thereof.

5.4 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5.5 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and no provision of this Agreement shall be deemed to confer rights upon any other Person.

5.6 Further Assurances. Upon the request of Purchaser, Seller will, on and after the date hereof, execute and deliver to Purchaser such other documents, further releases, assignments and other instruments as may be required or deemed appropriate by Purchaser and Seller to effect or evidence transfer and assignment to Purchaser of all or any of the Purchased Assets, and to otherwise carry out the purposes of this Agreement. At the request of Seller, the Purchaser will, on or after the date hereof, execute and deliver such other documents, further releases, assignments and other instruments as may be required or deemed appropriate by Seller in order effectively to assume from Seller all of the Assumed Liabilities, to confirm Seller's right, title and interest in and to the Excluded Assets and to otherwise carry out the purposes of this Agreement. To the extent requested in writing, Purchaser shall, at Seller's cost and expense, provide Seller with copies of records relating to the Purchased Assets related to the period prior to the date hereof.

5.7 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

COUNTY:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND

ATTEST:

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

PURCHASER:

AURORA HOLDINGS VII, LLC

ATTEST:

Print Name: _____
Title: _____

By: _____
Stanley H. Snow
President

WITNESS:

SCHEDULE A

Assigned Contracts

- Ability Network, Inc.
- AP-DON
- Fitchco Inc.
- Frederick Memorial Hospital, Inc.
 - Frederick Regional Health System and subsidiaries (FMH)
 - Frederick Memorial Healthcare System Laboratory
 - Transfer Agreement between CCRC and FMH
 - Transfer Agreement between MAL and FMH
 - Blue Iris Restricted Use Agreement
 - Laboratory Services Agreement
- National Datacare Corporation
- Praxair Distribution Mid-Atlantic, LLC d/b/a GTS-Welco
- Relias Learning, LLC
- Republic Services (formerly Allied Waste)
- Sharon Gladfelter, RHIT
- Sonu-Satellite (DIRECTV)
- Stericycle, Inc.
- Tri-Anim Health Services, Inc.

EXHIBIT F-1

BILL OF SALE

THIS BILL OF SALE is entered into as of the 1st day of May, 2014, ("**Bill of Sale**") by the **COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND**, a body politic and corporate and a political subdivision of the State of Maryland (the "**County**"), and **AURORA HOLDINGS VII, LLC**, a Maryland limited liability company (the "**Purchaser**") (the Purchaser and the County being sometimes referred to herein as the "**Parties**") pursuant to that certain Asset Purchase Agreement between County and Purchaser, dated May 1, 2014 (the "**APA**").

In connection with the transfer of operations of the Citizens Care and Rehabilitation Center ("CCRC") located at 1920 Rosemont Avenue, Frederick, Maryland 21702 and the transfer of the licensed capacity of CCRC to Purchaser as provided in the APA, for the sum of One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) and other valuable consideration paid by Purchaser to County, receipt of which is hereby acknowledged, the Parties hereto, each intending to be legally bound and to bind their respective successors and assigns, hereby covenant and agree as follows:

1. The County hereby transfers and sets over unto Purchaser, and Purchaser hereby accepts, all of the County's rights, title, and interest in and to all accounts receivable as described in Section 7.23 of the APA and the operations and the licensed capacity of CCRC.

2. The County, for itself, its successors and assigns, hereby represents, warrants and covenants to Purchaser, its successors and assigns, that the County is the lawful owner of all the property transferred to Purchaser pursuant to Section 1 (the "**Property**"), that the Property is free from all pledges, security interests, mortgages, liens and encumbrances, and that the County, its successors and assigns, shall forever warrant and defend title to the Property against all claims and demands of all persons whatsoever claiming by, through or under the County.

This Bill of Sale may be executed in counterparts, both of which shall be deemed to be an original and both of which shall constitute one and the same Bill of Sale.

[Signatures appears on following page]

* * * *

IN WITNESS WHEREOF, the parties hereto have caused this Bill of Sale to be executed and delivered as of the date first above written.

COUNTY:

ATTEST:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

PURCHASER:

ATTEST:

AURORA HOLDINGS VII, LLC

Print Name: _____
Title: _____

By: _____
Stanley H. Snow
President

WITNESS:

EXHIBIT F-2

BILL OF SALE

(Facility Business Assets)

THIS BILL OF SALE is entered into as of the ____ day of _____, 2014, ("Bill of Sale") by the **COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND**, a body politic and corporate and a political subdivision of the State of Maryland (the "**County**"), and **AURORA HOLDINGS VII, LLC**, a Maryland limited liability company (the "**Purchaser**") (the Purchaser and the County being sometimes referred to herein as the "**Parties**") pursuant to that certain Asset Purchase Agreement between County and Purchaser, dated May 1, 2014 (the "**APA**").

For the consideration set forth in the APA, and other valuable consideration paid by Purchaser to the County, receipt of which is hereby acknowledged, the Parties hereto, each intending to be legally bound and to bind their respective successors and assigns, hereby covenant and agree as follows:

1. The County hereby transfers and sets over unto Purchaser, and Purchaser hereby accepts, all of the County's rights, title, and interest in and to all Facility Business Assets as defined in Section 1.1 of the APA, including without limitation the items set forth on Schedule A attached hereto and incorporated by reference herein.

TO HAVE AND TO HOLD the same unto Purchaser, its successors and assigns, from and after the date hereof, subject to the terms, covenants, conditions and provisions herein contained.

2. The County, for itself, its successors and assigns, hereby represents, warrants and covenants to Purchaser, its successors and assigns, that the County is the lawful owner of all the Facility Business Assets transferred to Purchaser pursuant to Section 1, that the Facility Business Assets is free from all pledges, security interests, mortgages, liens and encumbrances, and that the County, its successors and assigns, shall forever warrant and defend title to the Facility Business Assets against all claims and demands of all persons whatsoever claiming by, through or under the County.

This Bill of Sale may be executed in counterparts, both of which shall be deemed to be an original and both of which shall constitute one and the same Bill of Sale.

[Signatures appears on following page]

* * * *

IN WITNESS WHEREOF, the parties hereto have caused this Bill of Sale to be executed and delivered as of the date first above written.

COUNTY:

ATTEST:

COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

PURCHASER:

ATTEST:

AURORA HOLDINGS VII, LLC

Print Name: _____
Title: _____

By: _____
Stanley H. Snow
President

WITNESS:

SCHEDULE A

EXHIBIT G

FORM OF INDEMNITY ESCROW AGREEMENT

INDEMNITY ESCROW AGREEMENT

This **INDEMNITY ESCROW AGREEMENT** (this "**Escrow Agreement**") is entered into and effective as of May 1, 2014, by and among Aurora Holdings VII, LLC, a Maryland limited liability company ("**Purchaser**"); County Commissioners of Frederick County, Maryland ("**Seller**"), and Wilmington Trust Company, NA, as escrow agent ("**Escrow Agent**").

RECITALS

A. Purchaser and Seller have entered into that certain Asset Purchase Agreement dated as of May 1, 2014 (the "**APA**") for the purchase of that certain 170 bed skilled nursing facility commonly known as Citizens Care and Rehabilitation Center ("**CCRC**") and a 75 unit assisted living facility known as Montevue Assisted Living Facility ("**MALF**" and, together with **CCRC**, the "**Facility**"), located at 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702, and the property and real estate owned by Seller and used in connection therewith.

B. Pursuant to the **APA**, the parties hereto have agreed to establish with Escrow Agent an indemnity escrow holdback (the "**Indemnity Escrow**") in the amount of Three Hundred Thousand Dollars (\$300,000.00) which Seller shall fund on July 1, 2014, in order to provide readily available funds for the satisfaction of the indemnification obligations of Seller as set forth in the **APA**. All capitalized terms not defined herein shall have the meaning set forth for such term in the **APA**.

AGREEMENT

NOW, THEREFORE, for and in consideration of the above recitals and other good and valuable consideration, the parties hereto agree as follows:

1. **Appointment of Agent.** The parties hereby appoint Escrow Agent, as escrow agent, in accordance with the terms and conditions set forth herein, and Escrow Agent hereby accepts such appointment. Escrow Agent shall act as agent hereunder for the parties hereto entitled to any portion or portions of the Escrowed Funds (as hereinafter defined).
2. **Establishment of Escrow.** On July 1, 2014, Seller shall deposit Three Hundred Thousand Dollars (\$300,000.00) into escrow (the "**Escrow**") with the Escrow Agent, which funds shall be deemed to be the "**Indemnity Escrow**" as set forth in Section 2.4(b)(ii) of the **APA**. The Escrow Holdback shall be held in an escrow account (the "**Escrow Account**") subject to the terms and conditions of this Escrow Agreement (the aggregate amounts so deposited, inclusive of any interest thereon as provided herein, shall be the "**Escrowed Funds**").
3. **Investment of Escrowed Funds.** Until the full release of the Escrowed Funds, the Escrowed Funds shall be continuously invested by Escrow Agent in accordance with

written instructions of Seller without the requirement of consent by Purchaser and any interest so earned shall be distributed to Seller upon the final release of the Escrowed Funds pursuant to the terms hereof.

4. **Release from Escrow Account.**

- a. If, pursuant to Section 6.9 of the APA, Purchaser shall be entitled to receive a reimbursement or indemnity payment from the County, the Purchaser may request such payment out of the Escrowed Funds (an "**Escrow Claim**"), in which event Purchaser shall deliver a written notice to Escrow Agent with a copy to Seller, directing the Escrow Agent to deliver all or such portion of the Escrowed Funds to Purchaser. In the event that within ten (10) days after Seller's receipt of such notice Seller shall not have delivered a written objection to Purchaser and Escrow Agent, then Escrow Agent shall promptly deliver all or such portion of the Escrowed Funds to Purchaser. Nothing in this Escrow Agreement shall derogate from the rights and liabilities of the parties under the APA, which shall, *inter alia*, govern with respect to notices of and objections to any claim hereunder.
- b. Upon its receipt of any objection, notice or demand for all or a portion of the Escrowed Funds (or so much thereof as is then held by Escrow Agent) delivered by Seller or Purchaser, Escrow Agent shall promptly deliver a copy thereof to each other party. Upon timely receipt of a notice of objection, Escrow Agent shall continue to hold the Escrowed Funds (or so much thereof as is then held by Escrow Agent). Such notice of objection shall (i) refer to this Agreement, the APA and the Escrow Claim to which it relates, (ii) state that Purchaser is not entitled to payment of the Escrowed Funds, (iii) describe in reasonable detail the reasons Purchaser is not entitled to the Escrowed Funds, and (iv) direct Escrow Agent to retain the Escrowed Funds until the objections set forth in the notice of objection have been resolved.
- c. If Seller issues a notice of objection, Purchaser and Seller shall meet, by telephone or in person, promptly and use all reasonable efforts in good faith to resolve promptly Seller's objections set forth in the notice of objection. If Purchaser and Seller are able to resolve such objections (in whole or in part), Purchaser and Seller shall deliver a written notice to Escrow Agent instructing Escrow Agent to disburse the Escrow Funds in accordance with such resolution. If Purchaser and Seller are unable to resolve such objections within thirty (30) days after delivery of the notice of objection, either Purchaser or Seller may commence an arbitration in accordance with this Agreement to determine which party is entitled to the Escrowed Funds in accordance with the terms of this Agreement and the APA. Either Purchaser or Seller may deliver the written decision of the arbitrator to Escrow Agent, and such decision shall constitute written instructions to Escrow Agent to disburse the Escrowed Funds in accordance with such decision.

- d. Neither Purchaser nor Seller shall make any Escrow Claim or issue a notice of objection unless such party has a reasonable good faith basis for claiming the Escrowed Funds, or objecting to an Escrow Claim, pursuant to this Agreement and the APA.
- e. All disputes regarding the Escrowed Funds under this Agreement shall be settled by arbitration in Frederick, Maryland, before a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. Arbitration may be initiated by any party to this Agreement. Any award rendered by an arbitrator shall be conclusive and binding upon the parties, *provided, however*, that any such award shall be accompanied by a written opinion of the arbitrator giving the reasons for the award. This provision for arbitration shall be specifically enforceable by the parties and the decision of the arbitrator in accordance herewith shall be final and binding and there shall be no right of appeal therefrom.
- f. In the event of any dispute with respect to the Escrow Account or the Escrowed Funds, the interpretation of this Escrow Agreement or the rights and obligations of the parties hereunder, or to the propriety of any action contemplated by the Escrow Agent hereunder, or if the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, then in any such case the Escrow Agent shall not be obligated to resolve the dispute or disagreement or to make any disbursement of all or any portion of the Escrowed Funds, but may commence an action in the nature of an interpleader and seek to deposit such funds with a court of competent jurisdiction, and thereby shall be discharged from any further duty or obligation with respect to the Escrow Account and any Escrowed Funds. The Escrow Agent may, in its sole discretion in lieu of filing such action in interpleader, elect to cease to perform under this Escrow Agreement and to ignore all instructions received in connection herewith until Escrow Agent has received a written notice of resolution signed by the parties to such dispute or disagreement or a final and non-appealable order of a court with jurisdiction over the matter directing a disposition of the Escrowed Funds.

5. Exculpation and Indemnification of Escrow Agent.

- a. Escrow Agent shall have no duties or responsibilities other than those expressly set forth herein. Except for the duties and responsibilities of Escrow Agent expressly set forth herein, Escrow Agent shall have no duty to enforce any obligation of any person to make any payment or delivery, or to direct or cause any payment or delivery to be made, or to enforce any obligation of any person to perform any other act. Escrow Agent shall be under no liability to other parties

hereto or to anyone else by reason of any failure on the part of any other party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. Except for instructions given to Escrow Agent by the other parties hereto relating to the Escrowed Funds under this Escrow Agreement and except as otherwise specifically provided for herein, Escrow Agent shall not be obligated to recognize any agreement between any or all of the persons referred to herein, notwithstanding that references thereto may be made herein and whether or not it has knowledge thereof.

- b. Escrow Agent shall not be liable to the other parties hereto or to anyone else for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and in the exercise of its own best judgment. Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by Escrow Agent to be genuine and to be signed or presented by the proper person or persons. Escrow Agent shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Escrow Agreement or any of the terms hereof, unless evidenced by a writing delivered to Escrow Agent signed by the other parties hereto, and if the duties or rights of Escrow Agent are affected, unless it shall give its prior written consent thereto.

- c. Escrow Agent shall be, jointly and severally, indemnified and held harmless by Seller and Purchaser from and against any and all expenses (including reasonable counsel fees and disbursements and including any liability for taxes and for any penalties in respect of taxes, or investment income on the Escrowed Funds) or loss suffered by Escrow Agent in connection with any action, suit or other proceeding involving any claim, or in connection with any claim or demand, which in any way, directly or indirectly, arises out of or relates to this Escrow Agreement, the services of Escrow Agent hereunder, the monies or other property held by it hereunder, or the monies or any income earned from investment of such monies, unless it shall then have been judicially determined that such claim or demand arises out of the gross negligence, willful misconduct or bad faith of Escrow Agent. Promptly after the receipt by Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, Escrow Agent shall, if a claim in respect thereof is to be made against any of the other parties hereto, notify such other parties thereof in writing; but the failure by Escrow Agent to give such notice shall not relieve any party from any liability which such party may have to Escrow Agent hereunder. For the purposes hereof, the term "expense or loss" shall include all amounts paid or payable to satisfy any claim, demand or liability, or in settlement of any claim, demand, action, suit or proceeding settled with the express written consent of Escrow Agent and the other

parties hereto, and all costs and expenses, including, but not limited to, counsel fees and disbursements, paid or incurred in investigating or defending against any such claim, demand, action, suit or proceeding. Notwithstanding anything herein contained to the contrary, as between Seller and Purchaser, if Escrow Agent is entitled to indemnification for any expense or loss as a result of a dispute by or among Seller and Purchaser, as to the party entitled to receive the Escrowed Funds, the non-prevailing party shall indemnify and hold harmless the prevailing party for all such expenses and losses.

6. **Commingle.** Except as to deposits of funds for which Escrow Agent has received express written direction concerning investment or other handling, the parties hereto agree that the Escrow Agent shall be under no duty to invest or reinvest any deposits at any time held by it hereunder, and further, that escrow trustee may commingle such deposits with other deposits or with its own funds and may use any part or all such funds for its own benefit without obligations to any party for interest or earnings derived thereby, if any; provided, however, nothing herein shall diminish Escrow Agent's obligation to apply the full amount of the Escrowed Funds in accordance with the terms of this Escrow Agreement. In the event the Escrow Agent is requested to invest deposits hereunder, the Escrow Agent is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of this Escrow Agreement, except in the event of Escrow Agent's own negligence.
7. **Compensation of Escrow Agent.** Escrow Agent shall be entitled to the standard compensation for all services rendered by it hereunder. Seller shall pay one-half (1/2) of the cost of Escrow Agent's compensation and Escrow Agent's expenses and Purchaser shall pay the remaining one-half (1/2) of the cost of Escrow Agent's compensation and Escrow Agent's expenses.
8. **Disbursement of Escrowed Funds Upon Joint Order or Judgment.**
 - a. Unless provided otherwise to the contrary in this Escrow Agreement, Escrow Agent shall disburse the Escrowed Funds or any part thereof, pursuant to the terms of any joint written order of Seller and Purchaser or the terms of any final nonappealable judgment of a court of competent jurisdiction.
 - b. Escrow Agent shall disburse the remaining balance of the Escrowed Funds to Seller upon Seller's demand and after ten (10) business days written notice sent by Escrow Agent to each other party on the third anniversary of the Initial Closing if at the end of said ten (10) business day period: (i) Escrow Agent has not disbursed all of the Escrowed Funds pursuant to Section 4(a) of this Agreement; (ii) Escrow Agent has not received an order from a court of competent jurisdiction prohibiting the disbursement of such Escrowed Funds; or (iii) there does not exist a pending or unresolved claim or written objection to such final disbursement by any party hereto. If, at the end of said ten (10) business day period, there does exist a pending or unresolved claim or written objection to such final disbursement by

any party hereto, and there is no prohibition on the disbursement of the Escrowed Funds as described in subpart (ii) of this paragraph, Escrow Agent shall disburse to Seller the then-remaining balance of the Escrowed Funds less the amount claimed under such pending or unresolved claim or written objection to such final disbursement.

9. **Resignation of Escrow Agent; Appointment of Successor.**

- a. Escrow Agent may at any time resign as Escrow Agent by giving written notice of its resignation to the parties hereto pursuant to the notice section of this Escrow Agreement, at least thirty (30) days prior to the date specified for such resignation to take effect.
- b. If Escrow Agent shall give written notice of its resignation pursuant to this Section, the parties hereto shall appoint a successor escrow agent to serve as Escrow Agent pursuant to the terms of this Escrow Agreement. Such appointment shall be effective as of the effective date of the resigning Escrow Agent's resignation.

10. **Termination of Escrow Agreement and Closing of Escrow Account.** This Escrow Agreement shall terminate on the later of the third anniversary of the Initial Closing or upon the date that the last of any Escrow Claims unresolved on the third anniversary of the Initial Closing shall be finally settled and resolved. Upon termination of this Escrow Agreement, the Escrow Agent shall return all remaining funds in the Escrow Account to Seller, pursuant to the procedures of Section 8(b) of this Agreement.

11. **Notices.** All notices required or permitted hereunder shall be in writing and shall be sent as set forth in Exhibit A, attached hereto and incorporated herein. Notices may be sent (a) by certified or registered mail, return receipt requested, (b) by nationally recognized overnight delivery service or (c) via electronic mail (provided that the original shall be simultaneously delivered by one of the other methods permitted herein). Notices shall be deemed given on the date of receipt (or refusal) as indicated on the receipt, as the case may be.

12. **No Oral Amendments.** The provisions of this Escrow Agreement may be waived or amended by the parties hereto, provided such action is evidenced by written instrument setting forth the terms of the waiver or amendment and signed by the party by whom such waiver is given or by all parties in the case of an amendment.

13. **Governing Law.** This Escrow Agreement shall be governed and construed in accordance with the laws of the State of Maryland.

14. **Severability.** If any provision of this Escrow Agreement or the application thereof to any person or circumstance is held invalid or unenforceable, the remainder of this Escrow Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and the invalid or unenforceable provision of this Escrow Agreement shall be severable in any such instance.

15. **Counterparts.** This Escrow Agreement may be executed in several counterparts, or by electronic submission, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same agreement.
16. **County Payments Subject to Appropriation.** Subject to the requirements of Section 17 herein, and except for the application of the Escrowed Funds as provided herein, all payment obligations of the County under this Agreement are subject to the legal availability of funds duly and properly appropriated for such purpose by the Board of County Commissioners of Frederick County.
17. **Appropriation of Funds.** The President of the Board of County Commissioners of the County and the County Executive of the County agree, to the extent permitted by applicable law, to do all things lawfully within their respective powers annually to request the appropriation of funds by the Board of County Commissioners of Frederick County or the Frederick County Council, as the case may be, from which to pay all amounts properly due and payable under this Agreement. This obligation includes (without limitation) requesting adequate funds be included in the budget submitted to the Board of County Commissioners or the Frederick County Council, as the case may be, to meet the County's obligations hereunder in full in its next fiscal year budget. Nothing in this Section shall obligate the Board of County Commissioners of the County or the Frederick County Council to make any appropriation.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Escrow Agreement by the parties legally entitled to do so as of the day and year first set forth above.

SELLER:

**COUNTY COMMISSIONERS OF
FREDERICK COUNTY, MARYLAND**

By: _____
Blaine R. Young
President

PURCHASER:

**AURORA HOLDINGS VII, LLC,
a Maryland limited liability company**

By: _____
Stanley H. Snow
President

ESCROW AGENT:

WILMINGTON TRUST COMPANY, NA

By: _____
Name: _____
Its: _____

EXHIBIT A

SELLER:

County Commissioners of Frederick County
Winchester Hall
12 E. Church Street
Frederick, Maryland 21702
Attn: Lori Depies, County Manager
Email: _____

With a Copy To:

County Attorney
Winchester Hall
12 E. Church Street
Frederick, Maryland 21702
Email: _____

PURCHASER:

Aurora Holdings VII, LLC
8227 Cloverleaf Drive, Suite 309
Millersville, MD 21108
Attn: Stanley H. Snow
Email: ssnow@aurorahealthmgt.com

With a Copy To:

Gallagher Evelius & Jones LLP
218 North Charles, Suite 400
Baltimore, MD 21201
Attn: Thomas B. Lewis
Email: tlewis@gejlaw.com

ESCROW AGENT:

WILMINGTON TRUST COMPANY, NA

Attn:
Email:

EXHIBIT H
FORM OF FACILITY LEASE

LEASE

By and Between

COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND

a body politic and corporate and a political subdivision of the State of Maryland,

as "Landlord"

and

AURORA HOLDINGS VII, LLC

a Maryland limited liability company,

as "Tenant"

dated as of May 1, 2014

TABLE OF CONTENTS

	Page
Section 1. Definitions.....	1
Section 2. Demise; Term.....	4
2.1 Demise.....	4
2.2 Term	4
Section 3. Rent.....	4
3.1 Rent	4
3.2 Proration for Partial Periods; Business Days	4
3.3 Manner of Payment of Rent	4
Section 4. Taxes, Assessments and Other Charges.....	4
4.1 Landlord’s Obligations.....	4
4.2 Tenant’s Obligations	5
Section 5. Insurance	5
5.1 General Insurance Requirements	5
5.2 Fire and Extended Coverage	5
5.3 Professional and Public Liability Insurance.....	5
5.4 Workers Compensation.....	6
5.5 Mechanical Breakdown/Boiler Insurance	6
5.6 Flood Insurance	6
5.7 Waiver of Subrogation	6
Section 6. Use, Maintenance and Alteration of the Premises	7
6.1 Landlord’s Maintenance Obligations	7
6.2 Regulatory Compliance; Qualified Care	7
6.3 Continuous Operations; Permitted Use.....	8
6.4 No Liens; Permitted Contests.....	8
6.5 Alterations by Tenant.....	8
Section 7. Condition of Premises.....	9
Section 8. Landlord and Tenant Personal Property	9
8.1 Tenant Personal Property	9
Section 9. Representations And Warranties.....	9
9.1 Due Authorization And Execution.....	9
9.2 Due Organization	9
9.3 No Breach of Other Agreements.....	9
Section 10. Litigation and Regulatory Reports.....	10
10.1 Regulatory Reports and Notices.....	10
10.2 Litigation	10

	10.3	Additional Information.....	10
	10.4	Certification.....	10
Section 11.		Events of Default and Landlord’s Remedies	11
	11.1	Events of Default.....	11
	11.2	Remedies	12
	11.3	Receivership.....	12
	11.4	Late Charges.....	13
	11.5	Remedies Cumulative; No Waiver.....	13
	11.6	Performance of Tenant’s Obligations by Landlord.....	13
	11.7	Performance of Landlord’s Obligations by Tenant.....	14
	11.8	Rights of Lender Providing Working Capital Financing	14
Section 12.		Damage by Fire or Other Casualty	14
	12.1	Reconstruction Using Insurance.....	14
	12.2	Surplus Proceeds	15
Section 13.		Condemnation	15
	13.1	Complete Taking	15
	13.2	Partial Taking	15
	13.3	Lease Remains in Effect.....	15
Section 14.		Provisions on Termination of Term.....	15
	14.1	Surrender of Possession	15
	14.2	Removal of Personal Property.....	16
	14.3	Title to Personal Property Not Removed	16
	14.4	Transition of Premises.....	16
Section 15.		Notices and Demands	17
Section 16.		Right of Entry	17
Section 17.		Landlord May Grant Liens.....	18
Section 18.		Quiet Enjoyment	18
Section 19.		Applicable Law.....	18
Section 20.		Hazardous Materials	18
	20.1	Hazardous Material Covenants	18
	20.2	Tenant Notices to Landlord.....	19
	20.3	Remediation	19
	20.4	Indemnity	19
	20.5	Environmental Inspection	20
	20.6	Participation in Hazardous Materials Claims.....	21
Section 21.		Assignment and Subletting	21

Section 22.	Indemnification	22
Section 23.	Holding Over	22
Section 24.	Estoppel Certificates	22
Section 25.	Conveyance by Landlord	22
Section 26.	Waiver of Jury Trial.....	23
Section 27.	Attorneys' Fees	23
Section 28.	Severability	23
Section 29.	Counterparts.....	23
Section 30.	Binding Effect.....	23
Section 31.	Memorandum of Lease	23
Section 32.	Incorporation of Recitals and Attachments.....	23
Section 33.	Titles and Headings.....	23
Section 34.	Usury Savings Clause	23
Section 35.	Joint and Several	24
Section 36.	Survival of Representations, Warranties and Covenants.....	24
Section 37.	Interpretation.....	24
Section 38.	Related Party Goods and Services	24
Section 39.	Relationship of Parties	24
Section 40.	Special Purpose Entity Covenants	24
Section 41.	True Lease.....	24
Section 42.	Entire Agreement; Modification; Waiver	25
Section 43.	County Payments Subject to Appropriation,	25
Section 44.	Appropriation of Funds.....	25

EXHIBITS:

EXHIBIT A LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B PARKING LOT PLANS AND SPECIFICATIONS

SCHEDULES:

SCHEDULE 22 ENVIRONMENTAL REPORTS

LEASE

THIS LEASE ("Lease") is made and entered into as of the 1st day of May, 2014, by and between the **COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND**, a body politic and corporate and a political subdivision of the State of Maryland (the "Landlord"), and **AURORA HOLDINGS VII, LLC**, a Maryland limited liability company (the "Tenant"), with reference to the following Recitals:

RECITALS

A. Landlord is the owner of that certain real property, all improvements thereon and all appurtenances thereto, having a street address of 1910 and 1920 Rosemont Avenue, Frederick, Maryland 21702, and more particularly described on Exhibit A attached hereto (the "Property").

B. Landlord is also the owner of all the furniture, machinery, equipment, appliances, fixtures, supplies, inventory and other personal property located on and used or required in connection with the operation of the Property (the "Landlord Personal Property") for the Healthcare Use (as defined below).

C. Landlord and Tenant are parties to that certain Asset Purchase Agreement dated as of May 1, 2014 (the "Purchase Agreement"), whereby Landlord and Tenant has agreed to a staged conveyance of the Property, as more particularly set forth in the Purchase Agreement, the first stage of which is entering into this Lease which is the "Facility Lease" in the Purchase Agreement.

D. As of the Effective Date (as defined below), Landlord desires to lease the Property and the Landlord Personal Property to Tenant, and Tenant desires to lease the Property and the Landlord Personal Property from Landlord. The Property and Landlord Personal Property shall be referred to herein collectively as the "Premises."

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, Landlord and Tenant hereby agree as follows:

SECTION 1. Definitions. As used herein (including any Exhibits and Schedules attached hereto), the following terms shall have the following meanings:

"Affiliate" shall mean, with respect to any Person, any other Person which Controls, is Controlled by or is under common Control with the first Person.

"Business Day(s)" shall mean Monday through Friday of each week, exclusive of Holidays.

"Control" or "Controlled" shall mean, as applied to any Person, the possession, directly or indirectly, of the power to direct the management and policies of that Person, whether through ownership, voting control, by contract or otherwise.

"Effective Date" shall mean the date of this Lease.

"Encumbrance" shall have the meaning set forth in Section 17.

"Environmental Activities" shall mean the use, generation, spilling, depositing, leaching, dumping, transportation, handling, discharge, production, treatment, storage, release or disposal of any Hazardous Materials to or from any portion of the Premises or caused to be located on or present on or under any portion of the Premises during the Term.

"Event of Default" shall have the meaning set forth in Section 11.1.

"Existing Environmental Conditions" shall have the meaning set forth in Section 20.3.

"Full Insurable Value" shall mean the actual replacement value of the Premises (including all improvements, but excluding land) and every portion thereof, including the cost of compliance with changes in zoning and building codes and other laws and regulations, demolition and debris removal and increased cost of construction.

"GAAP" shall mean generally accepted accounting principles consistently applied.

"Hazardous Materials" shall mean (a) any petroleum products and/or by-products (including any fraction thereof), flammable substances, explosives, radioactive materials, hazardous or toxic wastes, substances or materials, known carcinogens or any other materials, contaminants or pollutants which pose a hazard to any portion of the Premises or to Persons on or about any portion of the Premises or cause any portion of the Premises to be in violation of any Hazardous Materials Laws; (b) asbestos in any form which is friable; (c) urea formaldehyde in foam insulation or any other form; (d) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million or any other more restrictive standard then prevailing; (e) medical wastes and biohazards; (f) radon gas; and (g) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of any portion of the Premises or the owners and/or occupants of property adjacent to or surrounding any portion of the Premises, including, without limitation, any materials or substances that are listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) as amended from time to time.

"Hazardous Materials Claims" shall mean any and all enforcement, clean-up, removal or other governmental or regulatory actions, or notices of material violations, or orders threatened, instituted or completed pursuant to any Hazardous Material Laws, together with all claims, causes of actions, demands, proceedings or suits made or threatened by any third party against any portion of the Premises, Landlord or Tenant relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials.

"Hazardous Materials Laws" shall mean any laws, ordinances, regulations, rules, orders, guidelines or policies relating to the environment, health and safety, Environmental Activities, Hazardous Materials, air and water quality, waste disposal and other environmental

matters as any of the foregoing now exist or may hereafter be changed, amended, reauthorized or come into effect.

"Healthcare Use" shall mean the use and operation by Tenant of (a) a portion of the Premises as a 170- bed skilled nursing facility (the "**SNF**") and (b) a portion of the Premises as a 75-unit assisted living facility (the "**ALF**").

"Holidays" means New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and any day on which national banks are closed in the State where the Premises are located.

"Intangible Property" shall mean all of Tenant's rights in any personal property leases affecting the Premises, management agreements, service contracts, equipment leases, maintenance agreements and construction equipment and other warranties affecting the Premises; all licenses, certificates of need and permits now owned or hereinafter acquired by Tenant, necessary or desirable for Tenant's use of any portion of the Premises under this Lease; and the right to use any trade or other name now or hereafter associated with the operation of any portion of the Premises by Tenant.

"Landlord" shall mean the County Commissioners of Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

"Landlord Personal Property" shall have the meaning set forth in the Recitals, including any replacements or substitutes for the items described in the Recitals.

"Lease" shall mean this Lease as the same may be amended from time to time in accordance with the terms hereof.

"Lease Year" shall mean the twelve (12) month periods commencing on January 1 of each year. Notwithstanding anything to the contrary contained herein, the first Lease Year shall commence on the date hereof and end on December 31, 2014.

"Person" shall mean any individual, partnership, association, corporation, limited liability company or other entity.

"Premises" shall have the meaning set forth in the Recitals.

"Property" shall have the meaning set forth in the Recitals.

"Rent" shall mean for the initial four (4) years of the Term, One Million Four Hundred Forty Thousand Dollars (\$1,440,000) per year, payable in equal monthly installments of One Hundred Twenty Thousand Dollars (\$120,000). Beginning on May 1, 2018 and on each May 1 thereafter, the Rent shall increase by one and one-half percent (1.5%) over the Rent in effect for the prior year.

"Rent Commencement Date" shall mean May 1, 2014.

"State" means the State of Maryland.

"**Tenant**" shall mean Aurora Holdings VII, LLC, a Maryland limited liability company, and its permitted successors and assigns.

"**Tenant Personal Property**" shall have the meaning set forth in Section 8.1.

"**Term**" shall the meaning set forth in Section 2.2.

"**Working Capital Financing**" shall mean any working capital financing arranged by Tenant.

SECTION 2. Demise; Term.

2.1. **Demise.** Landlord hereby leases and lets unto Tenant the Premises for the Term and upon the conditions and provisions set forth herein.

2.2. **Term.** The term of this Lease shall commence at 12:01 a.m. on the Effective Date and shall end on December 31, 2035 (the "**Term**"), unless earlier terminated in accordance with the provisions hereof.

SECTION 3. Rent. During the Term, Tenant shall pay to Landlord Rent as follows:

3.1. **Rent.** Tenant shall pay to Landlord Rent on a monthly basis beginning on the Rent Commencement Date and continuing thereafter on the first day of each month during the Term in the amount of the monthly installments set forth above; provided, however, the monthly Rent payments which would otherwise be payable on May 1, June 1 and July 1, 2014 shall be paid in a single lump sum on July 1, 2014.

3.2. **Proration for Partial Periods; Business Days.** The Rent for any month during the Term which begins or ends on other than the first or last calendar day of a calendar month shall be prorated based on actual days elapsed. If the date for payment of any installment of Rent falls on a non-Business Day, such installment shall be due on the first Business Day immediately preceding such payment date.

3.3. **Manner of Payment of Rent.** Rent shall be paid to Landlord by wire transfer and shall be due without prior notice or demand.

SECTION 4. Taxes, Assessments and Other Charges.

4.1. **Landlord's Obligations.** For the two (2) years after the Rent Commencement Date, Landlord shall be solely responsible for the payment of any and all real estate taxes and other assessments (including the system benefit charge) levied or assessed against any portion of the Premises or any interest therein (all such taxes and assessments payable by Landlord being collectively referred to herein as "**Taxes**") prior to delinquency or imposition of any fine, penalty, interest or other cost. Thereafter, Landlord and Tenant shall each pay fifty percent (50%) of Taxes. Landlord shall be solely responsible for the payment of any personal property taxes with respect to the Landlord Personal Property.

4.2. **Tenant's Obligations.** Tenant agrees to pay and discharge, punctually as and when the same shall become due and payable without penalty, all electricity, gas, garbage collection, cable television, telephone, water, sewer and other utilities costs with respect to the use and operation of the Premises. In addition, Tenant shall be solely responsible for the payment of any personal property taxes with respect to the Tenant Personal Property.

SECTION 5. **Insurance.**

5.1. **General Insurance Requirements.** All insurance provided for in this Lease shall be maintained under valid and enforceable policies issued by insurers of recognized responsibility, licensed and approved to do business in the jurisdiction in the State, having a general policyholders rating of not less than A-X or better by Best's Key Rating Guide and with a claims paying ability rating from S&P of at least AA. All policies of insurance required herein may be in the form of "blanket" or "umbrella" type policies which shall name Landlord and Tenant as their interests may appear and allocate to the Premises the full amount of insurance required hereunder. Original policies or satisfactory certificates from the insurers evidencing the existence of all policies of insurance required by this Lease and showing the interest of Landlord and Tenant as their interests may appear shall be provided to Landlord or Tenant, as applicable, prior to the commencement of the Term and shall provide that the subject policy may not be canceled except upon not less than thirty (30) days prior written notice to Landlord and Tenant. Originals of the renewal policies or certificates therefore from the insurers evidencing the existence thereof shall be provided to Landlord or Tenant, as applicable, at least ten (10) days prior to the expiration dates of the policies. Any claims under any policies of insurance described in this Lease shall be adjudicated by and at the expense of Landlord or Tenant, as applicable, or by its insurance carrier. Each insurance policy required under this Lease shall contain a provision that such policy shall not be cancelled or fail to be renewed, without at least thirty (30) days prior written notice to Landlord and Tenant in each instance, or at least ten (10) days prior written notice for non-payment of premium.

5.2. **Fire and Extended Coverage.** Landlord shall keep the Premises insured against loss or damage from all causes under standard "special form" property insurance coverage, without exclusion for fire, lightning, windstorm, explosion, smoke damage, vehicle damage, sprinkler leakage, flood, vandalism, earthquake, malicious mischief or any other risks as are normally covered under an extended coverage endorsement, in the amounts that are not less than the Full Insurable Value of the Premises including all equipment and personal property (whether or not Landlord Personal Property) used in the operation of the Premises. In addition, the casualty insurance required under this Section 5.2 will include an agreed amount endorsement such that the insurance carrier has accepted the amount of coverage and has agreed that there will be no co-insurance penalty.

5.3. **Professional and Public Liability Insurance.** Tenant shall maintain, with respect to the Premises, (a) insurance against liability imposed by law including contractual liability upon Tenant for damages on account of professional services rendered or which should have been rendered by Tenant or any Person for which acts Tenant is liable on account of injury, sickness or disease, including death at any time resulting therefrom, and including damages allowed for loss of service, and (b) commercial general public liability insurance coverage (including products liability, contractual liability and broad form coverage) against claims for

bodily injury, death or property damage occurring on, in or about the Premises and the adjoining sidewalks and passageways, in an amount equal to One Million Dollars (\$1,000,000) for each claim and Three Million Dollars (\$3,000,000) in the aggregate. The Board of County Commissioners of Frederick County Maryland shall be named as an additional insured on the commercial general public liability policy. Tenant shall also maintain an umbrella or excess liability policy in an amount not less than Three Million Dollars (\$3,000,000). On or prior to the Effective Date Landlord shall be obligated to purchase a three (3) year tail (extended reporting period) on its One Beacon general/professional liability insurance policy (the "Tail Policy") to cover incidents that occurred during Landlord's operation of the Premises but for which no claim has yet been presented to One Beacon. Such Tail Policy shall be acceptable to Tenant in its reasonable discretion and Landlord shall provide evidence of such Tail Policy to Tenant no later than the Effective Date.

5.4. Workers Compensation. Tenant shall comply with all legal requirements regarding worker's compensation, including any requirement to maintain worker's compensation insurance against claims for injuries sustained by Tenant's employees in the course of their employment.

5.5. Mechanical Breakdown/Boiler Insurance. Landlord shall maintain, with respect to the Premises, mechanical breakdown and boiler and pressure vessel insurance, electrical power surge and arcing, including an endorsement for boiler business interruption insurance, on any fixtures or equipment which are capable of bursting or exploding, in an amount not less than the replacement cost for the Premises, resulting from such perils.

5.6. Flood Insurance. Landlord shall keep (or cause to be kept) the Premises insured against loss by flood if the Premises is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor act thereto) in an amount at least equal to the lesser of (a) the Full Insurable Value with respect to the Premises, or (b) the maximum limit of coverage available under said act.

5.7. Waiver of Subrogation. Landlord and Tenant hereby waive any right of subrogation and right of recovery or cause of action for injury or lawsuit to the extent that such injury or loss is covered by fire, extended coverage, "special form" or similar policies covering real property or personal property required to be obtained and maintained under this Lease (or which would have been covered if the party claiming such right of subrogation or recovery or cause of action had carried the insurance required by this Lease) or covered by any other insurance maintained by the waiving party. Written notice of the terms of the above mutual waiver shall be given to the insurance carriers of Landlord and Tenant, and the parties' insurance policies shall be properly endorsed, if necessary, to prevent the invalidation of the policies by reason of such waivers.

SECTION 6. Use, Maintenance and Alteration of the Premises.

6.1. Landlord's Maintenance Obligations.

6.1.1. Landlord shall be solely responsible for keeping and maintaining the Property in good repair and condition. Landlord shall promptly make or cause to be made all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, including, without limitation, all seasonal maintenance such as snow plowing and grass mowing and all repairs to the Property of a capital nature necessary to keep the Property and all external and structural components of the buildings comprising the Premises and all HVAC and similar building systems and equipment in working condition, properly repaired, replaced and maintained in the ordinary course of business and Landlord shall promptly respond (and in any event within not more than five (5) days) to any written notice from Tenant regarding any required repair or maintenance to the Premises.

6.1.2. Within one hundred twenty (120) days after the Effective Date, Landlord shall repair and reconstruct the unfinished or deteriorated parking lot located on the Property in compliance with the "Parking Lot Plans and Specifications" set forth on Exhibit B, at Landlord's sole cost and expense. On the Effective Date, Landlord shall allow Tenant a credit for the design fees related to the preparation of the Parking Lot Plans and Specifications. Landlord shall obtain any permits or approvals necessary to perform such work, which shall be carried out in a good and workmanlike manner, and Landlord shall keep the Property free of any mechanics' or materialmen's liens arising out of such work. If Landlord fails to perform the work described in this paragraph, and such failure is not cured within fifteen (15) days after written notice from Tenant, Tenant may complete such work and deduct the costs of completion from any rent or other payments due from Tenant to Landlord.

6.1.3. Tenant shall be solely responsible for maintenance of the Premises, including routine maintenance of the kitchen equipment (including grease traps) and laundry equipment, other than items which are Landlord's responsibility under Section 6.1.1 above.

6.2. Regulatory Compliance; Qualified Care.

6.2.1. (a) Tenant shall be solely responsible for maintaining any and all licensing necessary for the operation of the Premises as the applicable Healthcare Use, with certification through the Medicare and Medicaid (or any successor) programs, if applicable. Further, Tenant shall be solely responsible for ensuring that the Premises continues to be operated as the applicable Healthcare Use, all without any suspension, revocation, decertification or other limitation, including without any limitation on admissions or the ability to continue to provide services. Further, Tenant shall not commit any act or omission that would in any way violate any certificate of occupancy affecting any portion of the Premises.

(b) Tenant shall maintain such books, records and other material relating to the Premises, including, but not limited to patient records and records of patient funds, prior to the commencement of the Term, in the manner required by law, provided such books, records and other materials are provided to Tenant at the commencement of the Term.

6.2.2. (a) All inspection fees, costs and charges associated with maintaining such licensure or certification or a change of such licensure or certification shall be borne solely by Tenant. Except as provided in Section 6.1, Tenant shall be solely responsible for and shall bear all costs and expenses incurred in connection with any requirements of regulatory inspections or surveys conducted after the Effective Date and during the Term and implementing any plans of correction relating to such surveys or inspections.

(b) Tenant represents and warrants that to the best of its knowledge and belief, it has fully completed and timely filed all licensure, change of ownership/operator, provider enrollment, provider certification, and provider application forms necessary for all payors, including Medicare and Medicaid, to initiate reimbursement to Tenant for program services. Tenant further represents and warrants that it has taken and will take all necessary measures to insure and expedite prompt commencement of such reimbursement following its assumption of the operations of the Premises.

6.3. Continuous Operations; Permitted Use. Tenant shall continuously use and operate the Premises during the Term as the applicable Healthcare Use and for ancillary services relating thereto, and for no other purpose. In connection with the operation of the Premises, Tenant shall comply with all of its obligations under and in accordance with the terms and conditions of that certain Continued Care Commitment Agreement dated of even date herewith by and between Landlord and Tenant.

6.4. No Liens; Permitted Contests. Neither Landlord nor Tenant shall cause or permit any liens, levies or attachments to be placed or assessed against any portion of the Premises or the operation thereof for any reason, except as provided in Section 17. However, Landlord and Tenant, as applicable, shall be permitted in good faith and at its expense to contest the existence, amount or validity of any lien upon any portion of the Premises by appropriate proceedings sufficient to prevent the collection or other realization of the lien or claim so contested, as well as the sale, forfeiture or loss of any portion of the Premises or any rent to satisfy the same. If any lien is contested, the contesting party shall provide the other party with security satisfactory to such party in such party's reasonable judgment to assure the foregoing. Each contest permitted by this Section 6.4 shall be promptly and diligently prosecuted to a final conclusion by the contesting party.

6.5. Alterations by Tenant. Tenant shall have the right to alter, improve, replace, modify or expand the Premises, equipment or appliances in the Premises from time to time as it may determine is desirable for the continuing and proper use of the Premises under this Lease; provided, however, that any alterations, improvements, replacements, expansions or modifications in excess of One Hundred Fifty Thousand Dollars (\$150,000) with respect to the Premises in any rolling twelve (12) month period (but not including alterations or improvements of any size required by law or by order of any government agency) shall require the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. It shall be reasonable for Landlord to require appropriate insurance, security for payment of the costs incurred for any project subject to its consent and prior approval of the plans for the project. The cost of all such alterations, improvements, replacements, modifications, expansions or other purchases, whether undertaken as an on-going licensing, Medicare or Medicaid (or any successor program) or other regulatory requirement or otherwise shall be borne solely and

exclusively by Tenant and shall immediately become a part of the Premises and the property of Landlord subject to the terms and conditions of this Lease. All work done in connection therewith shall be done in a good and workmanlike manner and in compliance with all existing codes and regulations pertaining to the Premises and shall comply with the requirements of insurance policies required under this Lease. In the event any items of the Property have become inadequate, obsolete or worn out or require replacement (by direction of any regulatory body or otherwise), upon request by Tenant Landlord shall remove such items and exchange or replace the same at Landlord's sole cost and the same shall become part of the Premises and property of Landlord.

SECTION 7. Condition of Premises. Tenant acknowledges that it has expertise in the Healthcare Use industry. Tenant has thoroughly investigated the Premises and accepts the Premises for use as licensed for the Healthcare Use applicable for the Premises under this Lease on an "AS IS" basis, subject to Landlord's on-going maintenance obligations as set forth in this Lease. Tenant hereby agrees and acknowledges that it is solely Tenant's responsibility to ensure that Tenant has all necessary licenses or permits with respect to its permitted use and operation of the Premises and hereby releases and indemnifies Landlord for any claims arising in connection therewith.

SECTION 8. Landlord and Tenant Personal Property.

8.1. Tenant Personal Property. Tenant shall install, affix or assemble or place on the Premises at its sole cost and expense all items of furniture, fixtures, equipment and supplies not included as Landlord Personal Property as is reasonably necessary for the use of the Premises for the Healthcare Use and/or for the replacement of items of Landlord Personal Property which become worn out or obsolete (the "**Tenant Personal Property**"). Tenant shall provide and maintain during the entire Term all Tenant Personal Property as shall be necessary to operate the Premises in compliance with all requirements set forth in this Lease. All Tenant Personal Property shall be and shall remain the property of Tenant and may be removed by Tenant on the expiration of the Term.

SECTION 9. Representations And Warranties. Landlord and Tenant do hereby each for itself represent and warrant to each other as follows:

9.1. Due Authorization And Execution. This Lease and all agreements, instruments and documents executed or to be executed in connection herewith by such party were duly authorized and shall be binding upon such party.

9.2. Due Organization. Landlord and Tenant are duly organized, validly existing and in good standing under the laws of the state of their respective formations and are duly authorized and qualified to do all things required of the applicable party under this Lease within the State in which the Premises is located.

9.3. No Breach of Other Agreements. Neither this Lease nor any agreement, document or instrument executed or to be executed in connection herewith, violates the terms of any other agreement to which either Landlord or Tenant is a party.

SECTION 10. Litigation and Regulatory Reports.

10.1. Regulatory Reports and Notices. Tenant shall within five (5) Business Days of receipt thereof deliver to Landlord all federal, state and local licensing and reimbursement certification surveys, inspection and other reports, notices, or requests received by Tenant as to the Premises and the operation of business thereon, including, without limitation, state department of health licensing surveys, Medicare and Medicaid (and successor programs) certification surveys, life safety code reports, any notices of violation or requests for corrective action and any correspondence concerning same. Within five (5) Business Days of the occurrence of any of the following, Tenant shall notify Landlord by email or telephone of such occurrence: any on-site regulatory activity, including without limitation, certification surveys, other inspections or complaint investigations; any casualty loss or damage; and any other health, medical, zoning or use inspection or investigation. Such email or telephone notice shall include the following, as applicable: name of the entity conducting the inspection or investigation or instituting the regulatory activity; the reason for such regulatory activity and the details of any incident giving rise to such regulatory activity; the facility level plan of action or correction; the corporate plan of action or correction; the timeline for any response, follow-up or additional action in connection with such survey, investigation or inspection; the proposed or imposed remedies; the media or community communication plan; and an assessment of litigation risks. As soon as practicable, but, in any event, within five (5) Business Days of receipt thereof, Tenant shall give Landlord written copies of any notice of any violation of any federal, state or local licensing or reimbursement certification statute or regulation, including, without limitation, Medicare or Medicaid (or successor programs), any suspension, termination or restriction placed upon Tenant or the Premises, the operation of business thereon or the ability to admit residents or patients, or any violation of any other permit, approval or certification in connection with the Premises or its business, by any federal, state or local authority, including, without limitation, Medicare or Medicaid (or successor programs). Tenant shall continue to provide Landlord with copies of any correspondence regarding said violation and written confirmation of the plan for correcting said violation.

10.2. Litigation. Within fifteen (15) Business Days of the end of each calendar quarter, Tenant shall provide a report on all pending material litigation matters. In addition, Tenant shall provide periodic updates of any other pending material litigation matters which affect the Premises and/or Tenant.

10.3. Additional Information. Upon written request of Landlord, Tenant shall provide any additional information regarding the Premises and/or Tenant that Landlord may reasonably request.

10.4. Certification. All statements required by this Section 10 shall be certified true and correct by the President, Chief Executive Officer or Chief Financial Officer of Tenant.

SECTION 11. Events of Default and Landlord's Remedies.

11.1. Events of Default. The occurrence of any of the following shall constitute an event of default on the part of Tenant hereunder ("**Event of Default**"):

11.1.1. The failure to pay within seven (7) days of the date when due any Rent required of Tenant under this Lease;

11.1.2. Any termination, suspension, revocation or material adverse action or restriction placed upon (a) Tenant or the Healthcare Use of any portion of the Premises; (b) the operation of the Healthcare Use thereon, including, without limitation, (i) the ability to admit residents or patients for a period in excess of seven (7) days or (ii) the termination of any provider agreement without Landlord's consent; or (c) any certification, qualification, license, permit or other governmental authorization of any portion of the Premises, including, without limitation, the failure to maintain any such qualification, license, permit, or other governmental authorization necessary to continue to operate the Premises for its Healthcare Use;

11.1.3. A default by Tenant under any obligation other than this Lease between Tenant and Landlord, which default is not cured within any applicable cure period provided in the documentation for such obligation;

11.1.4. Any material misstatement or intentional omission of fact in any written report, notice or communication from Tenant to Landlord with respect to Tenant, or any portion of the Premises;

11.1.5. The failure to comply with the provisions of Section 21 below;

11.1.6. Tenant shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make an assignment of all or substantially all of its property for the benefit of its creditors;

11.1.7. The appointment of a receiver, trustee, or liquidator for Tenant, or any of the property of Tenant, if within five (5) Business Days of Tenant's notice of such appointment Tenant does not inform Landlord in writing that Tenant intends to cause such appointment to be discharged or Tenant does not thereafter diligently prosecute such discharge to completion within ninety (90) days after the date of such appointment;

11.1.8. The filing by Tenant of a voluntary petition under any federal bankruptcy law or under the law of any state to be adjudicated as bankrupt or for any arrangement or other debtor's relief, or in the alternative, if any such petition is involuntarily filed against Tenant by any other party and Tenant does not within five (5) Business Days of Tenant's notice of any such filing inform Landlord in writing of the intent by Tenant to cause such petition to be dismissed, if Tenant does not thereafter diligently prosecute such dismissal, or if such filing is not dismissed within ninety (90) days after filing thereof;

11.1.9. The failure to perform or comply with any other term or provision of this Lease, other than those described in Sections 11.1.1 - 11.1.8, inclusive, including, without limitation, the failure to comply with the provisions hereof pertaining to the use, operation and

maintenance of the Premises; provided, however, if the default described in this Section 11.1.9 is curable it shall be deemed cured, if: (a) within three (3) Business Days of Tenant's receipt of a notice of default from Landlord, Tenant gives Landlord notice of its intent to cure such default; and (b) Tenant cures such default within thirty (30) days after such notice from Landlord;

11.1.10. All notice and cure periods provided herein shall run concurrently with any notice or cure periods provided by applicable law.

11.2. Remedies. Upon the occurrence of an Event of Default but subject to Section 11.8 below, Landlord may exercise all rights and remedies under this Lease and the laws of the State in which the Premises is located available to a lessor of real and personal property in the event of a default by its lessee. Without limiting the foregoing, Landlord shall have the right to do any of the following:

11.2.1. Sue for the specific performance of any covenant of Tenant under this Lease as to which Tenant is in breach;

11.2.2. Enter upon any portion of the Premises, terminate this Lease, dispossess Tenant from any portion of the Premises and/or collect money damages by reason of Tenant's breach. In the event of any such termination or repossession of the Premises or any part thereof, Tenant shall pay to Landlord all Rent and other sums required to be paid by Tenant for the period to and including the date of such termination or repossession;

11.2.3. Elect to leave this Lease in place and sue for Rent and/or other money damages as the same come due;

11.2.4. Before or after repossession of the Premises pursuant to Section 11.2.2, and whether or not this Lease has been terminated, Landlord shall have the right (but shall be under no obligation except to the extent required under applicable law) to relet any portion of the Premises to such tenant or tenants, for such term or terms (which may be greater or less than the remaining balance of the Term), for such rent, or such conditions (which may include concessions or free rent) and for such uses, as Landlord, in its absolute discretion, may determine, and Landlord may collect and receive any rents payable by reason of such reletting. Landlord shall have no duty to mitigate damages unless required by applicable law and shall not be responsible or liable for any failure to relet any of the Premises or for any failure to collect any rent due upon any such reletting. Tenant agrees to pay Landlord, immediately upon demand, all expenses incurred by Landlord in obtaining possession and in reletting any of the Premises, including fees, commissions and costs of attorneys, architects, agents and brokers;

11.3. Receivership. Tenant acknowledges that one of the rights and remedies that may be available to Landlord under applicable law is to apply to a court of competent jurisdiction for the appointment of a receiver to take possession of the Premises, to collect the rents, issues, profits and income of the Premises and to manage the operation of the Premises. Tenant further acknowledges that the revocation, suspension or material limitation of the certification of any portion of the Premises for provider status under Medicare or Medicaid (or successor programs) and/or the revocation, suspension or material limitation of a license relating to the operation of any portion of the Premises for its intended use under the laws of the State in

which the Premises is located will materially and irreparably impair the value of Landlord's investment in the Premises. Therefore, in any of such events, and in addition to any other right or remedy of Landlord under this Lease, but subject to Section 11.8, Landlord may petition any appropriate court for, and Tenant hereby consents to, the appointment of a receiver to take possession of the Premises, to manage the operation of the Premises, to collect and disburse all rents, issues, profits and income generated thereby and to preserve or replace to the extent possible any such license and provider certification for the Premises or to otherwise substitute the licensee or provider thereof. The receiver shall be entitled to a reasonable fee for its services as a receiver. All such fees and other expenses of the receivership estate shall be added to the monthly Rent due to Landlord under this Lease (but shall not be considered for the purpose of calculating any amounts pursuant to Section 3.5). Tenant hereby irrevocably stipulates to the appointment of a receiver under such circumstances and for such purposes and agrees not to contest such appointment.

11.4. Late Charges. Tenant acknowledges that the late payment of any Rent or any other amounts due under this Lease will cause Landlord to lose the use of such money and incur costs and expenses not contemplated under this Lease, including, without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, (a) if any installment of Rent or any other amounts due under this Lease is not paid within seven (7) days after the due date for such payment, then Tenant shall thereafter pay to Landlord on demand a late charge equal to five percent (5%) of the amount of any delinquent installments of Rent and other amounts due under this Lease and not paid on the due date; and (b) if any installment of Rent or other amounts due under this Lease is not paid within ten (10) calendar days after the due date for such payment, such unpaid amount shall accrue interest from the due date for such payment at the Prime Rate plus five percent (5%) per annum (the "Agreed Rate") (or the maximum rate permitted by law if less than the Agreed Rate). As used herein, "Prime Rate" shall mean the prime rate of interest charged by Bank of America, N.A. from time to time. Landlord and Tenant agree that this late charge and the accrual of interest at the Agreed Rate represent a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from any such nonpayment and/or delinquent payment by Tenant.

11.5. Remedies Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity. No failure of Landlord to insist at any time upon the strict performance of any provision of this Lease or to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof as to any similar or different breach (future or otherwise) by Tenant. A receipt by Landlord of any Rent or other sum due hereunder (including any late charge) with knowledge of the breach of any provision contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in a writing signed by Landlord.

11.6. Performance of Tenant's Obligations by Landlord. If Tenant at any time shall fail to make any payment or perform any act on its part required to be made or performed under this Lease, then Landlord may, without waiving or releasing Tenant from any

obligations or default of Tenant hereunder, make any such payment or perform any such act for the account and at the expense of Tenant, and may enter upon any portion of the Premises for the purpose of taking all such action thereon as may be reasonably necessary therefore. No such entry shall be deemed an eviction of Tenant. All sums so paid by Landlord and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Landlord, together with interest at the rate of the Agreed Rate (or if said interest rate is violative of any applicable statute or law, then the maximum interest rate allowable) from the date of the making of such payment or the incurring of such costs and expenses by Landlord, shall be payable by Tenant to Landlord on demand. Nothing in this section shall be construed to grant Landlord the authority (or require Landlord) to engage in, including entry upon the Premises to engage in, the management or operation of the applicable Healthcare Use, to review confidential resident records, or to engage in any activity that would directly or indirectly create any responsibility or duty of or by Landlord to any resident of the Premises, it being the express intention of the parties that Tenant be solely responsible for operation of the Premises as the applicable Healthcare Use.

11.7. Performance of Landlord's Obligations by Tenant. If Landlord at any time shall fail to perform any act on its part required to be made or performed under this Lease, then Tenant may, without waiving or releasing Landlord from any obligations or default of Landlord hereunder, make any such payment or perform any such act for the account and at the expense of Landlord, and may enter upon any portion of the Premises for the purpose of taking all such action thereon as may be reasonably necessary therefore. All sums so paid by Tenant and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Tenant, together with interest at the rate of the Agreed Rate (or if said interest rate is violative of any applicable statute or law, then the maximum interest rate allowable) from the date of the making of such payment or the incurring of such costs and expenses by Tenant, shall be payable by Landlord to Tenant on demand.

11.8. Rights of Lender Providing Working Capital Financing. All rights and remedies of Landlord hereunder are subject to the rights of the lender providing Working Capital Financing.

SECTION 12. Damage by Fire or Other Casualty.

12.1. Reconstruction Using Insurance. In the event of the damage or destruction of any portion of the Premises, Tenant shall immediately notify Landlord (but in no event later than twenty-four (24) hours after such damage or destruction) and Landlord shall repair or reconstruct the same to a like or better condition than existed prior to such damage or destruction. Any insurance proceeds payable with respect to the casualty shall be held and used in the manner determined by Landlord. If such proceeds are insufficient for the repairs or reconstruction of the damaged portion of the Premises, Landlord shall provide the required additional funds.

12.2. Surplus Proceeds. If there remains any surplus of insurance proceeds after the completion of the repair or reconstruction of the applicable portion of the Premises, such surplus shall be retained by Landlord.

SECTION 13. Condemnation.

13.1. Complete Taking. If during the Term all or substantially all of the Premises is taken or condemned by any competent public or quasi-public authority, then Tenant may, at Tenant's election, made within thirty (30) days of such taking by condemnation, terminate this Lease, and the current Rent shall be equitably abated as of the date of such termination. The award payable upon such taking shall be paid to Landlord, and Tenant shall be entitled to seek a separate claim from the condemning authority for Tenant's damages, if local law permits.

13.2. Partial Taking. In the event such condemnation proceeding or right of eminent domain results in a taking of less than all or substantially all of the Premises, Landlord shall be entitled to receive and retain any and all awards for the partial taking and damage except that Tenant shall be entitled to seek a separate claim from the condemning authority for Tenant's damages including but not limited to moving expenses, and any unamortized capital addition costs paid by Tenant, if local law permits.

13.3. Lease Remains in Effect. Except as provided above, this Lease shall not terminate and shall remain in full force and effect in the event of a taking or condemnation of any portion of the Premises, or any portion thereof, and other than the provisions of this Lease, Tenant hereby waives all rights under applicable law to abate, reduce or offset Rent by reason of such taking.

SECTION 14. Provisions on Termination of Term.

14.1. Surrender of Possession. Tenant shall, on or before the last day of the Term, or upon earlier termination of this Lease, (a) surrender to Landlord the Premises (including all resident charts and resident records along with appropriate patient and resident consents if necessary and inventories and supplies at normal operating levels) in good condition and repair, ordinary wear and tear excepted, (b) upon Landlord's written request, shall to the greatest extent permitted by law, transfer to Landlord or its designees or assigns, all federal, state or municipal licenses, certifications, certificates, approvals, permits, variances, waivers, provider agreements and other authorizations certificates which relate to the operation of the Healthcare business at the Premises, except for the right to the use of Tenant's name, (c) prepare and file all notices required by applicable law in connection with such termination, and (d) comply with the requirements of Section 14.4 below. If Tenant fails or refuses to transfer any such license, certification, certificate, approval, permit, variance, waiver, provider agreement, other authorization or trade name which is transferable under applicable law, then this provision shall constitute an act of assignment by Tenant to Landlord or its assigns without the necessity of any further written instrument. Landlord shall have the option, subject to Section 11.8, of taking over the operation of the healthcare business at the Premises, or to have the operation of the business taken over by a designee, in the event of a termination of this Lease for any reason, without assuming any of Tenant's liabilities or obligations. Landlord shall give Tenant written

notice of Landlord's intent to exercise the right set forth above, in which event, upon the approval of the applicable State agency or agencies of the change of ownership, Tenant shall immediately turn over possession and control of the healthcare business at the Premises without any further action having to be taken on the part of Landlord. Further, if an Event of Default occurs hereunder, Tenant hereby appoints Landlord its true and lawful attorney by this instrument, said appointment being coupled with an interest to execute on behalf of Tenant a letter of consent in a form acceptable to Landlord enabling Landlord or its designee to file applications to operate a skilled nursing home and/or assisted living facility with the applicable State agencies and every other regulatory agency now or hereafter claiming jurisdiction and to operate the healthcare business at the Premises during the pendency of such application. This provision shall be enforceable in a court of law and shall be effective by operation of law.

14.2. Removal of Personal Property. Tenant shall have the right in connection with the surrender of the Premises to remove from the Premises all Tenant Personal Property but not the Landlord Personal Property (including Landlord Personal Property replaced by Tenant) or any Intangible Property, or any Tenant Personal Property required by the State in which the Premises is located or any other governmental entity to operate the Premises for the purpose set forth in Section 6.3 above ("**Governmental Required Property**"); provided, however, Landlord shall pay to Tenant the depreciated book value in accordance with GAAP of such Governmental Required Property. Any removal of Tenant Personal Property by Tenant shall be done in a workmanlike manner leaving the Premises in good and presentable condition and appearance, including repair of any damage caused by such removal. At the end of the Term or upon the earlier termination of this Lease, Tenant shall return the Premises to Landlord with the Landlord Personal Property (or replacements thereof) together with the Intangible Property and any Governmental Required Property in the same condition and utility as was delivered to Tenant at the commencement of the Term, reasonable wear and tear excepted. Tenant covenants and agrees that it shall not sell, move, modify, transfer, assign, sell, relocate, pledge, secure, convey or in any other manner encumber Landlord's Personal Property, any certificate of need or any of the licensed or Medicare and/or Medicaid certified beds at the Premises or any other Intangible Property, or attempt to do same. Tenant acknowledges that it has no interest or rights in any certificate of need issued in connection with the Premises.

14.3. Title to Personal Property Not Removed. Title to any of Tenant Personal Property which is not removed by Tenant upon the expiration of the Term shall, at Landlord's election, vest in Landlord; provided, however, that Landlord may remove and dispose at Tenant's expense of any or all of such Tenant Personal Property which is not so removed by Tenant without obligation or accounting to Tenant.

14.4. Transition of Premises. Upon the expiration or earlier termination of the Term, Landlord, upon written notice to Tenant, may inform Tenant that the responsibilities and obligations for the management and operation of the Premises shall be transferred to and assumed by a new tenant designated by Landlord, and Tenant agrees to cooperate fully with Landlord and such new tenant to accomplish the transfer of such management and operation without interrupting the operation of the Premises (including, without limitation, entering into an Operations Transfer Agreement with such new tenant). Tenant shall not commit any act or be remiss in the undertaking of any act that would jeopardize any licensure or certification of the Premises, and Tenant shall comply with all requests for (and shall execute all documents and

consents reasonably necessary for) an orderly transfer of all licenses used in the operation of the Premises, Medicare and Medicaid (or any successor program) certifications and possession of the Premises at the time of any such surrender to the extent permitted by applicable law. Upon the expiration or earlier termination of the Term, Tenant shall promptly deliver copies of all of Tenant's books and records relating to the Premises and its operations to Landlord.

SECTION 15. Notices and Demands. All notices and demands, certificates, requests, consents, approvals, and other similar instruments under this Lease shall be in writing and shall be sent by personal delivery or by either (a) United States certified or registered mail, return receipt requested, postage prepaid, or (b) Federal Express or similar generally recognized overnight carrier regularly providing proof of delivery, addressed as follows:

If to Landlord: County Commissioners of Frederick County
Winchester Hall
12 East Church Street
Frederick, Maryland 21701
Attention: County Manager

With a copy to: County Attorney
Winchester Hall
12 East Church Street
Frederick, Maryland 21701

If to Tenant: Aurora Holdings VII, LLC
8227 Cloverleaf Drive, Suite 309
Millersville, Maryland 21108
Attention: Stanley H. Snow
Fax: (410) 987-2430

With a copy to: Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201
Attention: Martha L. Hylton, Esquire
Fax: (410) 468-2786

Such addresses may be changed by notice to the other parties given in the same manner as provided above. Any notice so given by mail shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be, whether accepted or refused. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given. If Tenant fails at any time to provide to Landlord a current address for notice purposes, notice may be made to any officer, general partner or principal of Tenant.

SECTION 16. Right of Entry. Landlord and its representatives may enter any portion of the Premises at any reasonable time after reasonable notice to Tenant for the purpose of inspecting the Premises to determine whether Tenant is in compliance with its obligations under this Lease; following Tenant's default under this Lease; or for posting notices of default, or non-

responsibility under any mechanic's or materialman's lien law. Landlord may enter any portion of the Premises at any time for emergency purposes. Any such entry by Landlord shall be conducted so as not to unreasonably or materially interfere with residents, patients, patient care or any other of Tenant's operations. Nothing in this Section shall be construed to grant Landlord the authority to engage in, including entry upon the Premises to engage in, the management or operation of the applicable Healthcare Use, to review confidential resident records, or to engage in any activity that would directly or indirectly create any responsibility or duty of or by Landlord to any resident of the Premises, it being the express intention of the parties that Tenant be solely responsible for operation of the Premises as the applicable Healthcare Use.

SECTION 17. Landlord May Grant Liens. Without the consent of Tenant, Landlord may, subject to the terms and conditions set forth below in this Section 17, from time to time, directly or indirectly, create or otherwise cause to exist any lien, mortgage, encumbrance or title retention agreement ("**Encumbrance**") upon the Premises, or any portion thereof or interest therein (including this Lease), whether to secure any borrowing or other means of financing or refinancing or otherwise. Upon the execution of this Lease and upon the request of Landlord from time to time, Tenant shall subordinate this Lease to the lien of a new Encumbrance on the Premises or any portion thereof or interest therein and will, within ten (10) Business Days of any such request, execute a subordination agreement that is in form reasonably acceptable to Tenant and the proposed lender on the condition that the proposed lender agrees in writing not to disturb Tenant's rights under this Lease so long as Tenant is not in default hereunder. Upon request of any such lender, Tenant shall attorn to and acknowledge the foreclosure purchaser or purchasers as Landlord hereunder.

SECTION 18. Quiet Enjoyment. So long as there is no Event of Default by Tenant, Landlord covenants and agrees that Tenant shall peaceably and quietly have, hold and enjoy the Premises for the Term, free of any claim or other action not caused or created by Tenant (excepting, however, intrusion of Tenant's quiet enjoyment occasioned by condemnation or destruction of the property as referred to in Sections 12 and 13 hereof).

SECTION 19. Applicable Law. This Lease shall be governed by and construed in accordance with the internal laws of the State of Maryland without regard to the conflict of laws rules of such State.

SECTION 20. Hazardous Materials.

20.1. Hazardous Material Covenants. Tenant's use of the Premises shall comply with all Hazardous Materials Laws. In the event any Environmental Activities occur or are suspected to have occurred during the Term in violation of any Hazardous Materials Laws or if Tenant has received any Hazardous Materials Claim against any portion of the Premises relating to activities or omissions committed during the Term, Tenant shall promptly evaluate the assertion and, if necessary, obtain all permits and approvals necessary to remedy any such actual or suspected problem through the removal of Hazardous Materials or otherwise, and upon Landlord's approval of the remediation plan, remedy any such problem to the satisfaction of Landlord and all applicable governmental authorities, in accordance with all Hazardous Materials Laws and good business practices.

20.2. Tenant Notices to Landlord. Tenant shall immediately (within five (5) Business Days) advise Landlord in writing of:

20.2.1. any Environmental Activities in violation of any Hazardous Materials Laws,

20.2.2. any Hazardous Materials Claims asserted against Tenant or any portion of the Premises relating to activities or omissions committed during the Term,

20.2.3. any remedial action taken by Tenant in response to any Hazardous Materials Claims or any Hazardous Materials on, under or about any portion of the Premises in violation of any Hazardous Materials Laws,

20.2.4. Tenant's discovery of any occurrence or condition on or in the vicinity of any portion of the Premises that materially increases the risk that any portion of the Premises will be exposed to Hazardous Materials, and/or

20.2.5. all communications to or from Tenant, any governmental authority or any other Person relating to Hazardous Materials Laws or Hazardous Materials Claims with respect to any portion of the Premises, including copies thereof.

20.3. Remediation. If (a) Tenant becomes aware of a violation of any Hazardous Material Laws relating to any Hazardous Materials in, on or under the Premises or any adjacent property thereto; (b) Tenant, Landlord or the Premises becomes subject to any order of any governmental authority or any Hazardous Materials claims to repair, close, detoxify, decontaminate or otherwise remediate the Premises; or (c) Tenant's actions, including but not limited to, any renovations or repairs to the Premises by Tenant, cause Tenant to remediate any environmental conditions, if any, disclosed in the Phase I Environmental Assessment Reports and/or the Limited Phase II Subsurface Investigation described on Schedule 22 (collectively, the "**Existing Environmental Conditions**"), Tenant shall immediately notify Landlord of such event and, at its sole cost and expense with respect to any such Hazardous Materials in, on, under, or about the Premises (but not adjacent thereto unless caused by Tenant), cure such violation or effect such repair, closure, detoxification, decontamination or other remediation.

20.4. Indemnity. Tenant shall indemnify, defend, protect, save, hold harmless, and reimburse Landlord and its directors, , County Commissioners, elected officials, officers, shareholders, partners, managers, members, affiliates, agents, employees, successors and assigns for, from and against any and all costs, losses (including, losses of use or deficiencies), demands, claims and expenses (collectively, "**Environmental Costs**") (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Landlord) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly (a) the production, use, generation, spilling, depositing, leaching, dumping, storage, treatment, transporting, disposal, discharge, release or other handling or disposition of any Hazardous Materials (collectively, "**Handling**") from, in, on or about the Premises, including the effects of such Handling of any Hazardous Materials on any Person or property within or outside the boundaries of the Premises by Tenant during the Term; (b) the presence of any Hazardous Materials in, on, under or about the Premises or any adjacent Property; (c) the

violation of any Hazardous Material Laws (including Hazardous Material Laws); and (d) the imposition of any lien related to any Environmental Activity. "Environmental Costs" include interest, costs of response, removal, remedial action, containment, cleanup, investigation, design, engineering and construction, damages (including actual, consequential and punitive damages) for personal injuries and for injury to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, attorney's fees, expert fees, consultation fees, and court costs, and all amounts paid in investigating, defending or settling any of the foregoing.

Without limiting the scope or generality of the foregoing, except for any environmental conditions caused or created by Landlord or existing as of the Effective Date, Tenant expressly agrees to reimburse Landlord for any and all costs and expenses incurred by Landlord:

(a) In investigating any and all matters relating to the Handling of any Hazardous Materials, in, on, from, under or about the Premises;

(b) In bringing the Premises into compliance with all Hazardous Material Laws;

(c) Removing, treating, storing, transporting, cleaning-up and/or disposing of any Hazardous Materials handled in, on, from, under or about the Premises or offsite; and

(d) Subject to the right of Tenant to contest any such claim, if any claim is made hereunder, Tenant agrees to pay such claim promptly, and in any event to pay such claim within thirty (30) calendar days after receipt by Tenant of notice thereof.

20.5. Environmental Inspection. Landlord shall have the right, from time to time, and upon not less than three (3) days written notice to Tenant, except in the case of any emergency in which event no notice shall be required, to conduct an inspection of the Premises to determine the existence or presence of Hazardous Materials on or about the Premises and/or the documentation relative to Hazardous Materials or Environmental Matters in Tenant's possession. Landlord shall have the right to enter and inspect the Premises, conduct any testing, sampling and analyses it deems necessary and shall have the right to inspect materials brought into the Premises. Landlord may, in its discretion, retain such experts to conduct the inspection, perform the tests referred to herein, and to prepare a written report in connection therewith. Provided that Landlord's decision to conduct an environmental inspection is reasonable, or if such inspection detects any Environmental activities in violation of Hazardous Material laws, all costs and expenses incurred by Landlord under this Section shall be paid on demand by Tenant to Landlord. Failure to conduct an environmental inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for environmental conditions subsequently determined to be associated with or to have occurred during Tenant's tenancy. Except to the extent such condition is caused by Landlord or are determined to have existed as of the Effective Date, Tenant shall remain liable for any environmental condition related to or having occurred during its tenancy regardless of when such conditions are discovered and regardless of whether or not Landlord conducts an environmental

inspection at the termination of this Lease. The obligations set forth in this Section shall survive the expiration or earlier termination of this Lease.

20.6. Participation in Hazardous Materials Claims. Landlord shall have the right, at Landlord's sole cost and expense (including, without limitation Landlord's reasonable attorney's fees and costs), with counsel chosen by Landlord, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims.

SECTION 21. Assignment and Subletting.

21.1. Tenant shall not, without the prior written consent of Landlord, which consent shall be within the sole discretion of Landlord, assign this Lease or any interest herein or sublet the Premises or any part thereof (an "**Assignment**"); provided, however, the parties acknowledge and agree that Tenant intends to sublease the SNF to an Affiliate of Tenant and the ALF to an Affiliate of Tenant and Landlord hereby consents to such subleases.. Without limiting the foregoing, this Lease shall not, nor shall any interest of Tenant herein, be assigned or encumbered by operation of law without the prior written consent of Landlord, which may be withheld at Landlord's sole discretion.

21.2. For the purpose of this Lease the transfer, assignment, sale, hypothecation or other disposition of any stock or membership interests of Tenant or any agreement which results in either (a) a change in the Person(s) which ultimately (directly or indirectly, voluntary or involuntary, by operation of law or otherwise) exerts effective Control over the management of the affairs of Tenant as of the Effective Date, or (b) the transfer of more than fifty percent (50%) in the aggregate of the stock or membership interests of Tenant in a single transaction or series of transactions, shall be deemed to be an assignment of this Lease.

21.3. Notwithstanding any provisions of this Lease to the contrary, the consent of Landlord, or its successors or assigns, shall be required for: (a) any Assignment, or (b) any Change in Control of Tenant that will result in Robert Owens (together with any trust created by him) or Stanley Snow (together with any trust created by him) owning less economic interest in Tenant than either (or the permitted transferees of either as provided in Section 21.2, above) currently has in Tenant.

21.4. Upon any transfer or assignment of this Lease, Landlord, Tenant and the new tenant or assignee (as the case may be) will enter into assignment and assumption agreements in form and content satisfactory to the parties including the granting of security interests substantially similar to those that are provided to Landlord under this Lease.

21.5. Tenant represents and warrants that it has provided to Landlord an organizational structure chart of Tenant showing the ownership of Tenant and each Person that ultimately exerts effective Control over the management of the affairs of Tenant as of the date of this Lease. Tenant shall provide to Landlord a revised organizational structure chart at least three (3) Business Days before any changes in any of the Persons depicted on such chart are to become effective.

SECTION 22. Indemnification. In addition to the other indemnities contained herein, to the fullest extent permitted by law, Tenant agrees to protect, indemnify, defend and save harmless Landlord, its directors, County Commissioners, elected officials, officers, shareholders, partners, members, manager, agents, affiliates, employees, successors and assigns from and against any and all foreseeable or unforeseeable liability, expense loss, costs, deficiency, fine, penalty, or damage (including, without limitation, punitive or consequential damages) of any kind or nature, including reasonable attorneys' fees, from any suits, claims or demands regardless of the merits of any such alleged suit, claim or demand, on account of any matter or thing, action or failure to act arising out of or in connection with this Lease (including, without limitation, the breach by Tenant of any of its obligations hereunder), the Premises, or the operations of Tenant on any portion of the Premises, including, without limitation, all Environmental Activities on any portion of the Premises to extent caused by the negligence or willful misconduct of Tenant, its agents, servants, employees, invitees, contractors, suppliers, subtenants, or visitors. Upon receiving knowledge of any suit, claim or demand asserted by a third party that Landlord believes is covered by this indemnity, Landlord shall give Tenant notice of the matter. Tenant shall defend Landlord against all matters covered by this indemnity at Tenant's sole cost and expense (including, without limitation, attorneys' fees and costs). Notwithstanding anything to the contrary in this Lease, Tenant shall not be required to indemnify Landlord pursuant to this Section 22 to the extent that the subject claim occurred prior to the Effective Date or after the date Tenant vacates and surrenders possession of the Premises to Landlord following expiration or early termination of the Term of this Lease.

SECTION 23. Holding Over. If Tenant shall for any reason remain in possession of any portion of the Premises after the expiration or earlier termination of this Lease, such possession shall be a month-to-month tenancy during which time Tenant shall pay as Rent each month, one and one-half (1.5) times the aggregate of the monthly Rent payable with respect to the last Lease Year, all additional charges accruing during the month and all other sums, if any, payable by Tenant pursuant to the provisions of this Lease with respect to the Premises. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the expiration or earlier termination of this Lease, nor shall anything contained herein be deemed to limit Landlord's remedies pursuant to this Lease or otherwise available to Landlord at law or in equity.

SECTION 24. Estoppel Certificates. Each party shall, upon not less than five (5) Business Days prior written request by the other party, execute, acknowledge and deliver a statement in writing, executed by an officer, manager or general partner of such party, certifying that this Lease is unmodified and in full force and effect (or, if there have been any modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), the dates to which Rent and additional charges hereunder have been paid, certifying that, to the best of such party's knowledge, no default by either Landlord or Tenant exists hereunder or specifying each such default and as to other matters as may be reasonably requested.

SECTION 25. Conveyance by Landlord. If Landlord or any successor owner of the Premises shall convey all of any portion of the Premises in accordance with the terms hereof, Landlord or such successor owner shall thereupon be released from all future liabilities and obligations of Landlord under this Lease arising or accruing from and after the date of such

conveyance or other transfer as to all or such portion of the Premises and all such future liabilities and obligations shall be expressly assumed and be binding upon the new owner.

SECTION 26. Waiver of Jury Trial. Landlord and Tenant hereby waive any rights to trial by jury in any action, proceedings or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Lease, including, without limitation, the relationship of Landlord and Tenant, Tenant's use and occupancy of the Premises, or any claim of injury or damage relating to the foregoing or the enforcement of any remedy hereunder.

SECTION 27. Attorneys' Fees. If Landlord or Tenant brings any action to interpret or enforce this Lease, or for damages for any alleged breach hereof, the prevailing party in any such action shall be entitled to reasonable attorneys' fees and costs as awarded by the court in addition to all other recovery, damages and costs.

SECTION 28. Severability. In the event any part or provision of this Lease shall be determined to be invalid or unenforceable, the remaining portion of this Lease shall nevertheless continue in full force and effect.

SECTION 29. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

SECTION 30. Binding Effect. Subject to the provisions of Section 21 above, this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives, successors in interest and assigns.

SECTION 31. Memorandum of Lease. Landlord and Tenant shall enter into a short form memorandum of this Lease, in form suitable for recording under the laws of the State of Maryland. It shall be the obligation of Tenant to record the memorandum of lease, and upon submission to the County of evidence of recordation and all costs thereof (including transfer and recordation taxes), the County shall reimburse Tenant fifty percent (50%) of such costs.

SECTION 32. Incorporation of Recitals and Attachments. The Recitals and Exhibits, Schedules, addenda and other attachments to this Lease are hereby incorporated into this Lease and made a part hereof.

SECTION 33. Titles and Headings. The titles and headings of sections of this Lease are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Lease.

SECTION 34. Usury Savings Clause. Nothing contained in this Lease shall be deemed or construed to constitute an extension of credit by Landlord to Tenant. Notwithstanding the foregoing, in the event any payment made to Landlord hereunder is deemed to violate any applicable laws regarding usury, the portion of any payment deemed to be usurious shall be held by Landlord to pay the future obligations of Tenant as such obligations arise and, in the event Tenant discharges and performs all obligations hereunder, such funds will be

reimbursed to Tenant upon the expiration of the Term. No interest shall be paid on any such funds held by Landlord.

SECTION 35. Joint and Several. If more than one Person or entity is the Tenant hereunder, the liability and obligations of such Persons or entities under this Lease shall be joint and several.

SECTION 36. Survival of Representations, Warranties and Covenants. All of the obligations, representations, warranties and covenants of Tenant under this Lease shall survive the expiration or earlier termination of the Term, including, without limitation, Tenant's obligations to pay Rent and other sums under this Lease following the occurrence of an Event of Default and the termination of this Lease pursuant to Section 11.2.2 above.

SECTION 37. Interpretation. Both Landlord and Tenant have been represented by counsel and this Lease has been freely and fairly negotiated. Consequently, all provisions of this Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party.

SECTION 38. Related Party Goods and Services. Tenant agrees that if it or any of its Affiliates provide services or goods to Tenant or the Premises that such services or goods will be provided at rates no higher than and upon terms at least as favorable to Tenant and/or the Premises as would be obtainable in an arms-length transaction.

SECTION 39. Relationship of Parties. Nothing contained in this Lease shall be deemed to create a partnership or joint venture or any form of agency relationship between Landlord and Tenant. Landlord and Tenant's relationship in this Lease shall be deemed to be one of landlord and tenant only, and neither party shall have the right or authority to hold out any party to this Lease as a partner, joint venturer, principal or agent of the other.

SECTION 40. Special Purpose Entity Covenants. At all times during the Term, Tenant shall adhere to the following covenants: (a) Tenant shall preserve and keep in full force and effect its existence as a single purpose entity; (b) Tenant shall not change its organizational structure; (c) Tenant shall maintain its separateness as an entity, including maintaining separate books, records and accounts and observing corporate and partnership formalities independent of any other entity; and (d) Tenant shall pay its obligations with its own funds and shall not commingle funds or assets with those of any other entity form. In addition, Tenant shall cause all subtenants and operators of the Premises to abide by similar covenants and to include those covenants in the organizational documents of Tenant, all subtenants and operators of the Premises.

SECTION 41. True Lease. This Lease is intended as, and shall constitute, an agreement of lease, and nothing herein shall be construed as conveying to Tenant any right, title or interest in or to the Premises or to any remainder or reversionary estates in the Premises held by any Person, except, in each instance, as a tenant. Under no circumstances shall this Lease be regarded as an assignment of all of Landlord's interest in and to the Premises; instead Landlord and Tenant shall have the relationship between them of landlord and tenant, pursuant to the provisions of this Lease. In no event shall Tenant or any affiliate of Tenant claim depreciation,

amortization or interest deductions as owner of the Premises for United States federal, state or local income tax purposes (except as to alterations not financed by Landlord).

SECTION 42. Entire Agreement; Modification; Waiver. This Lease and the Exhibits and Schedules to this Lease constitute the entire agreement between Landlord and Tenant pertaining to the subject matter contained in this Lease and supersede all prior agreements, representations and understandings of the parties. No supplement, modification or amendment of this Lease shall be binding unless expressed as such and executed in writing by Landlord and Tenant. Except as set forth herein, no waiver of any provision of this Lease shall constitute a continuing waiver. No waiver shall be binding unless expressed as such in a document executed by the party making the waiver.

SECTION 43. County Payments Subject to Appropriation. Subject to the requirements of Section 44 herein, all payment obligations of the County under this Lease are subject to the legal availability of funds duly and properly appropriated for such purpose by the Board of County Commissioners of Frederick County.

SECTION 44. Appropriation of Funds. The President of the Board of County Commissioners of the County and the County Executive of the County agree, to the extent permitted by applicable law, to do all things lawfully within their respective powers annually to request the appropriation of funds by the Board of County Commissioners of Frederick County or the Frederick County Council, as the case may be, from which to pay all amounts properly due and payable under this Lease. This obligation includes (without limitation) requesting adequate funds be included in the budget submitted to the Board of County Commissioners or the Frederick County Council, as the case may be, to meet the County's obligations hereunder in full in its next fiscal year budget. Nothing in this Section shall obligate the Board of County Commissioners of the County or the Frederick County Council to make any appropriation.

[Signature Page Follows]

Executed as of the date indicated above.

ATTEST:

LANDLORD:

**COUNTY COMMISSIONERS OF FREDERICK
COUNTY, MARYLAND,**
a body politic and corporate and a political
subdivision of the State of Maryland

Lori L. Depies
County Manager

By: _____
Blaine R. Young
President

WITNESS:

TENANT:

AURORA HOLDINGS VII, LLC,
a Maryland limited liability company

Name: _____
Title: _____

By: _____
Stanley H. Snow
President

[Signature page to Lease]

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY



January 24, 2014
HSA Job No. 7166
Page 1 of 3

Harris, Smariga & Associates, Inc.

Planners/Engineers/Surveyors
125 S. Carroll Street, Suite 100/Frederick, MD 21701
301-662-4488/FAX 301-662-4908

Description of Lease Area Over North Montevue Campus

That piece or parcel of land lying along the West Side of Rosemont Avenue and South of Rocky Springs Road, Being Part of the lands Conveyed unto The Board of County Commissioners of Frederick County by deed dated September 2, 1828 and recorded among the land records of Frederick county, Maryland in Liber JS 30 at Folio 157 and being more particularly described as follows.

BEGINNING at a point, said point being number 176 as shown on a Plat entitled "Case Number 07-750FSU, Dedication Plat, Part of the Property of The Board of County Commissioners of Frederick County, Maryland, Liber JS 30 at Folio 157" and recorded among the said land records in Plat Book 86 at Page 9, then following the outlines of said lands the following two (2) courses and distances,

S. 64° 53' 41" E. 58.02' to a point, Thence

S. 45° 07' 21" E. 405.23' to a point, said point lying on the west right of way line of Rosemont Avenue, thence with said road the following course and distance,

By a line curving to the right with a radius of 13565.00' and a length of 400.20', said arc subtended by a chord bearing S. 22° 39' 18" E. for a distance of 400.19' to a point. Thence leaving said right of way and running along the outline of said Lease Area the following Twenty Three (23) courses and distances,

N. 64° 56' 19" E. 21.10' to a point, Thence

S. 68° 52' 55" W. 81.83' to a point, Thence

By a line curving to the left with a radius of 15.12' and a length of 20.17', said arc subtended by a chord bearing S. 30° 39' 50" W. for a distance of 18.70' to a point, Thence

S. 07° 54' 20" E. 22.60' to a point, Thence

S. 82° 05' 40" W. 44.00' to a point, Thence

N. 07° 54' 20" W. 10.24' to a point, Thence



By a line curving to the left with a radius of 18.00' and a length of 22.73', said arc subtended by a chord bearing N. 44° 05' 17" W. for a distance of 21.25' to a point, Thence

By a line curving to the right with a radius of 317.68' and a length of 36.30', said arc subtended by a chord bearing N. 78° 30' 34" W. for a distance of 36.28' to a point, Thence

S. 68° 37' 35" W. 133.99' to a point, Thence

N. 65° 17' 09" W. 23.90' to a point, Thence

S. 26° 42' 16" W. 25.03' to a point, Thence

By a line curving to the right with a radius of 297.25' and a length of 57.44', said arc subtended by a chord bearing N. 56° 47' 44" W. for a distance of 57.36' to a point, Thence

S. 38° 44' 27" W. 14.75' to a point, Thence

N. 51° 15' 33" W. 15.13' to a point, Thence

S. 43° 43' 11" W. 99.69' to a point, Thence

By a line curving to the right with a radius of 412.00' and a length of 301.03', said arc subtended by a chord bearing N. 27° 01' 03" W. for a distance of 294.38' to a point, Thence

N. 85° 23' 30" W. 4.95' to a point, Thence

N. 04° 36' 30" E. 193.02' to a point, Thence

By a line curving to the left with a radius of 216.50' and a length of 24.07', said arc subtended by a chord bearing N. 01° 25' 25" E. for a distance of 24.06' to a point, Thence

N. 01° 45' 41" W. 109.01' to a point, Thence

By a line curving to the right with a radius of 100.00' and a length of 11.01', said arc subtended by a chord bearing N. 01° 23' 37" E. for a distance of 11.01' to a point, Thence



January 24, 2014
HSA Job No. 7166
Page 3 of 3

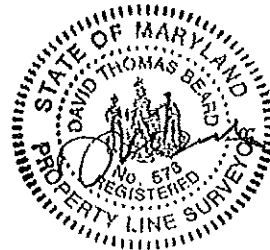
N. 04° 32' 55" E. 193.93' to a point, Thence

By a line curving to the right with a radius of 39.25' and a length of 39.55', said arc subtended by a chord bearing N. 33° 03' 23" E. for a distance of 37.90' to a point, said point lying on the south right of way line of Rocky Springs Road, Thence with said right of way the following course and distance,

S. 84° 52' 00" E. 88.98' to the place of Beginning.

The amount of Land contained by the foregoing amounts to 328,343 square feet or 7.538 acres more or less.

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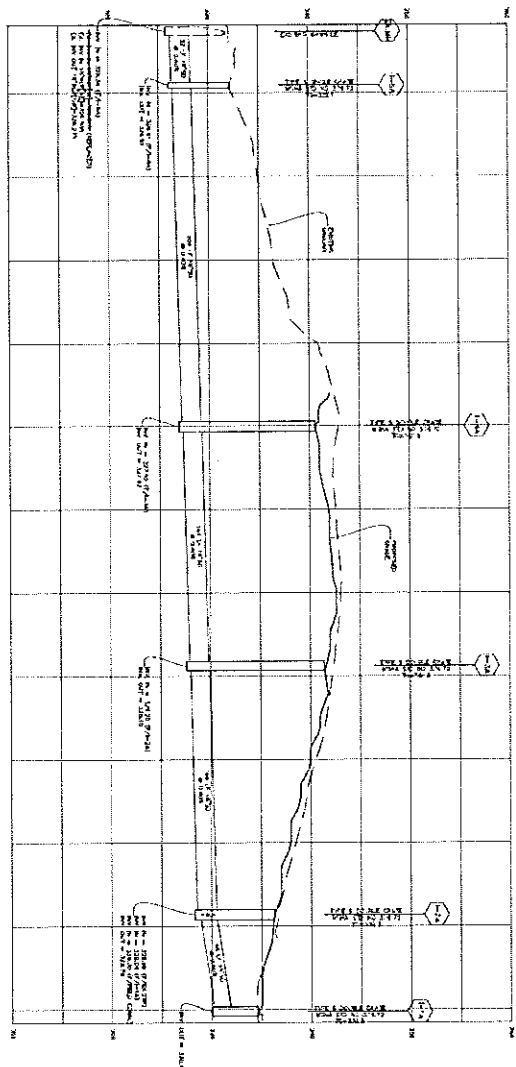
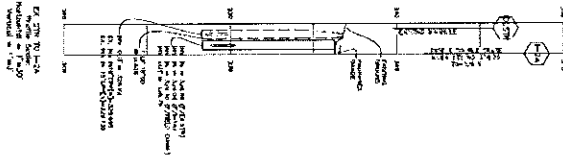


Lvc. b7dub5 3/25/15

EXHIBIT B

PARKING LOT PLANS AND SPECIFICATIONS

(See attached.)



- BASELIS CONSTRUCTION, LLC**
1. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.
 2. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.
 3. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.
 4. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.
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 9. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.
 10. All items shall be installed, repaired and/or replaced in accordance with the description of work, work, type, location and as indicated on drawings.

Harris-Smith & Associates, Inc.
 1100 West 10th Street, Suite 100
 Oklahoma City, Oklahoma 73106
 Phone: (405) 525-1100
 Fax: (405) 525-1101
 Website: www.harris-smith.com

**PHASE 2 PARKING LOT
 STORM DRAIN PROFILE**

**DRIVERS CARE & REHABILITATION
 CENTER AND MONTEFIORE HOME**
 3100 West 10th Street, Suite 100
 Oklahoma City, Oklahoma 73106
 Project No. 2010-001

NOT FOR CONSTRUCTION

DATE	DESCRIPTION
11/11/10	ISSUED FOR PERMIT
11/11/10	ISSUED FOR CONSTRUCTION
11/11/10	ISSUED FOR RECORD
11/11/10	ISSUED FOR AS-BUILT

C-2

<p>SECTION 05100 - METALS</p> <p>05100-01 - HANDICAP COMPLIANCE</p> <p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>		<p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>	<p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>	<p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>	<p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>	<p>1.0 SUMMARY</p> <p>A. Section Includes</p> <p>1. Handicap Compliance</p>
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SCHEDULE 22

PHASE 1 ENVIRONMENTAL REPORTS

1. Phase I Environmental Report dated February 1, 2013, prepared by ECS Mid Atlantic LLC, as updated by a Limited Phase II Subsurface Investigation dated August 14, 2013, prepared by AEI Consultants.
2. Limited Phase II Subsurface Investigation dated August 14, 2013, prepared by AEI Consultants.

SCHEDULES

Schedule 2.2(a)

Excluded Real Property

FREDERICK COUNTY EASEMENTS as recorded under:

Liber	Folio
BK09596	PG0065
BK09596	PG0070
BK09596	PG0075
BK09596	PG0080
BK09596	PG0086
BK09596	PG0091
BK09596	PG0096
BK09596	PG0101
BK09596	PG0106
BK09672	PG0237

Schedule 2.2(b)(iv)

Vehicles

<u>Property#</u>	<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Vin #</u>	<u>Cost</u>	<u>Mileage As of 12/20/13</u>	<u>Date Acquired</u>
25448	1990	Ford	E350 12 Pass Raised Roof Van w/ Lift	1FTHS34H2LHB20337	\$33,889	22,314	6/1/90
37192	2006	Ford	E450 11 Pass Bus w/ combo wheelchair positions & std seating	1FDXE45P86DB13706	\$61,333	17,542	12/29/06
36377	2006	Ford	E350 Superwagon 15 Pass Van	1FBSS31L06HA58377	\$19,739	29,622	8/24/05

Schedule 2.2(b)(v)

Furniture and Equipment

CCRC/Montevue Furniture and Equipment	
Quantity	Description
3	18"X20"X60" Parts Bin
1	2' Ladder
2	4' Ladder
4	4' Stainless Rack
480	5 Gal. Water Bottles
52	5' Stainless Rack
11	5' Stainless Shelf
3	6' Foldable table/Cart
6	6' Folding Table
3	6' Ladder
1	6"DBL Check Back Flow protector
5	8' Foldable Table
2	8' Ladder
1	Arc Welder
1	Band Saw
1	Battery Charger
10	Bench Seat 48x18
3	Blood Pressure Machine (storage)
3	Blower
21	Bookshelf 38"x72"
2	Cabinet, Metal 36"X78"
15	Canned Food Holder
2	Carpet Scrubber
2	Cart 24"X21"X41"
1	Cart 24"X30X14
6	Cart 3'X80"
2	Chandelier
3	CHAPEL- Chairs
2	CHAPEL- Pew
3	CHAPEL-Piano
1	Chill Table 30"X60"
6	Coffee Machine
4	Coffee Table 42"
5	Condiment Trays
1	Conference Table 71"X47"
3	Conference Table 94"x41"
3	CPR Training Equipment

1	Dental Chair
1	Dental Work Cart
15	Desk 47"x29"
1	Dessert Table 30"x50"
105	Dining Room Chair
245	Dresser 32.5"x17 "
1	Drill press
1	Drink station Cart 38"x24"x37"
26	End Table 26"x22"
4	Extractor
15	Filing Cabinet 15"x52"
4	Filing Cabinet 30"x28"
3	Flat Cart 30"x60"
1	Floor Mount Ice maker
7	Food Cart 52"x36"
3	Food Chiller 30"x74"
1	Food Processor
12	Food Serving Table 48"x34"x48"
5	Food Warmer 30"x75"
6	Freezer 28"x83"
4	Freezer/Fridge (Dining Room) 82"x28"
8	Fridge 28x83
12	Fridge/Freezer 34"x66"
5	Hair Dryers
1	HD Shelf
26	Headboard
1	Hobart MIG Welder
3	Hot Food Cart
5	Hutch
1	Humidifier
10	Ice Machine
7	Juice Machine
1	Key Cutter
4	Kitchen Ice Maker 30"x73"
20	L Shape Desk 47"x65"
279	Lamp 30"
2	Laundry Cart 18"x36"
2	Laundry Cart 32"x12"
13	Laundry Cart 42"x30"
8	Linen Stainless Steel Shelf Rack 60"x78"
26	Living Room Chair
15	Love Seat 55"x32"

4	Metal Cabinets
30	Metal File 15"x27"
12	Metal Filing Cabinet 64"x36"
11	Microwave
1	Mixer
255	Night Stand 17"x22"
1	Nurse Ofc. Conference Table 96"x42"
85	Office Chair
1	Pallet Jack
15	Parking Lot Lights
138	Picture Frame
3	Plastic Tray Cart 26"x54"
4	Plate Carts 75"X 4'
5	Plate Warmer 18"x34"
3	Plate Warmers 34"x42"
29	Portable Food Storage Containers
1	Pot Rack
1	Power snake
1	Prep Table 72"x30"x34"
1	Pressure Washer
1	Projector
1	Reclining Wheel Chair Machine (Salon)
5	Reclining Wheel Chair
78	Resident Fridge
250	Resident Lamp
77	Resident Microwave
1	Round Chair 40"
32	Round Table 42"
7	Round Table 53"
4	Rubbermaid Cabinet 18"x71"
4	Rubbermaid Storage 36"x45"
1	Safe 19"x19"
245	Serving Cart 18"x32"
38	Shelf, Stainless 6'
4	Shop-Vac
25	Shower Chair
1	Slicer
39	Soft Seat Beige
33	Square Table 42"x42"
120	Stackable Chair
1	Stainless Cart 29"x34"
3	Stainless Cart 3' x 68"

1	Stainless Cart 36"x40"
16	Stainless Shelf 4'x2'
2	Stainless Steel laundry Table 48"X24"
2	Stainless Steel laundry Table 96"X24"
1	Stainless Steel Table 41"X34
1	Stainless Steel Table 6' X30"
1	Stainless Table 10'X36"
1	Stainless table 78"X36"
1	Stainless Work Table 66"X 34"
1	Stainless worktable 32"X37"X14"
1	Stainless worktable 32"X37"X32"
251	Standard Bed
130	Standard Chair
40	Standard Dining Room Round Table
270	Standard Mattress
2	Standup Ice Machine 76"X22"
1	Steam table 30"X74"
14	Stool
1	Storage Cart 32"x40"x20"
4	Stove 31"
8	Swivel Chair 16"
1	Table 13"X24"X36"
2	Table 30"X30"
1	Table Saw
196	Television
1	Tig Welder
5	Toaster 22"x14.5"
8	Toilet Chair
1	Tool Box 27"x18"X38"
2	Tool Box 28"X18"X33"
2	Tool Box 42"x18"X42"
20	Janitor Trash Can
265	Standard Trash Can
2	Tool Cart 25"X32"X36"
2	Tray Cart 20"x36"
1	Tray Rack 21"x71"
6	TV Stand 16"X52"
6	TV Stand 38"x37"
1	TV Stand 52"x28"
3	TV Stand 54"X24"
2	U Shaped Desk 71"x102"
1	Utility Cart Flammable Storage

1	Washing Machine (storage)
14	Wheel chair
1	Wheel Chair Washer
1	White Board
15	Wicker Chair
7	Wicker end table
4	Wicker Loveseat
2	Wooden Doors 7'
9	Wooden Filing Cabinet 44"X36"
3	Wooden Storage 20"X71"
1	Work Light
1	Bariatric Bed
1	Styling Chair
2	Coffee Machine
1	Vanity
2	Laptop Carts
1	Racks
1	Bulkhead

Schedule 2.2(b)(vii)

Computer Hardware

Qty	Make	Model#	Device Type
1	HP	COMPAQ D51C	Desktop
2	HP	COMPAQ D530 CMT	Desktop
2	HP	COMPAQ DC5000	Desktop
12	HP	COMPAQ DC5100	Desktop
2	HP	COMPAQ DC5100	Desktop
1	DELL	LATITUDE E5420	Laptop
1	DELL	LATITUDE E5520	Laptop
2	DELL	LATITUDE E5520	Laptop
1	DELL	OPTIPLEX 745	Desktop
25	DELL	OPTIPLEX 755	Desktop
1	DELL	OPTIPLEX 755	Desktop
3	DELL	OPTIPLEX 790	Desktop
1	DELL	OPTIPLEX 790	Desktop
8	DELL	OPTIPLEX 790	Desktop
5	DELL	OPTIPLEX GX 280	Desktop
3	DELL	OPTIPLEX GX 520	Desktop
1	LENOVO	THINKPAD T60	Laptop
5	DELL	LATITUDE E5540	Laptop
3	DELL	OPTIPLEX 7010	Desktop
1	HP	COMPAQ DC	Desktop
11	NEC	LCD175M-BK	Touchscreen All- In-One Computer (Kiosks)

91 Total Devices

Barcodes, Tag IDs and additional details provided separately.

Schedule 2.2(b)(viii)

Intellectual Property

There is no Frederick County created intellectual property transferring to the purchaser except as set forth on the following Schedule 2.2(b)(ix).

Schedule 2.2(b)(ix)

Trade Names and Telephone Numbers

TRADE NAMES:

<u>Entity Name</u>	<u>Dept ID #</u>	<u>Status</u>	<u>Owner (Primary)</u>	<u>Location</u>	<u>Expiration Date</u>
Montevue Assisted Living	T00324760	ACTIVE	Board of County Commissioners of Frederick County, Maryland 12 E Church St Frederick, MD 21701-5402	Montevue Assisted Living 355 Montevue Lane Frederick, MD 21702	01/03/2016
Citizens Care and Rehabilitation Center of Frederick County	T00227975	ACTIVE	Board of County Commissioners for Frederick County, Maryland Winchester Hall 12 E Church St Frederick, MD 21701-5437	Citizens Care and Rehabilitation Center 1900 Rosemont Ave Frederick, MD 21702	07/27/2015

TELEPHONE NUMBERS:

Telephone numbers are not transferrable. However, since there will likely be a lag time related to the publishing of the new numbers in the Verizon Directory, Frederick County IIT Voice Services will either:

1. provide a recorded message referring callers to the new number for the two published numbers, and any other non-patient telephone numbers Aurora requests in writing; or
2. transfer calls for the two published numbers, and any other non-patient telephone numbers Aurora requests in writing;

at current IIT rates, until such time as new numbers for the Facility are published in the Verizon Directory.

WEBSITE:

When a user searches CCRC and Montevue on the web it currently takes them to the Frederick County website. So as to direct users to the new Aurora websites, Frederick County IIT will offer a link to the new websites for no more than 6 months.

Schedule 2.2(b)(x)

Permits and Licenses

Air Quality Permit

Once the property is sold, Aurora will have to fill out a Change of Ownership form for the Air Quality Permit to transfer the permit to their name. According to the State contact, Jeannette Wolfe, Aurora need only check "Registration Update" and write "Change of Ownership" across the top of the page. There is no fee to register the new owner. Additional forms are available at the following web site. www.mde.state.md.us. If Aurora has any questions they may contact Jeanette Wolfe at jeanette.wolfe@maryland.gov.

Other Required Permits and Licenses:

Medicare (Part A & B w/outpatient)

Medicaid

Food Service Permits (county)

F.O.G. (Fats, Oils and Grease) Control Wastewater Discharge Permit (city)

Beauty Salon (state)

Schedule 2.2(b)(xi)

Personal Property Leases

None.

Schedule 2.2(b)(xii)

Contracts and Agreements

All contracts will be assigned on the Facility Lease Effective Date as provided in Exhibit E.

Schedule 2.3(a)

Cash and Cash Equivalents

Bank of America – Montevue Home Memorial Account – Account # XXXX XXXX 0537
Bank of America – Montevue Home Vending Account – Account # XXXX XXXX 0511
NYMEO – Citizens Nursing Home Vending Account – Account #XXXXXX161

Funded by County General Fund – Balances on Hand As of Midnight April 30, 2014

CCRC Petty Cash
CCRC Cash on Hand
MAL Petty Cash
MAL Cash on Hand

Schedule 2.3(r)

Multi-function Printers

Facility has 10 Multi-function printers on-site:

CCRC1stFlrNursingarea9120
CCRC2ndFlrNursing9120
CCRC3rdFlrNursing9120
CCRCADMIN1STFLOORSAVIN9155
CCRCDIETARYLLSAVIN9135
CCRCMemCare1stFlr9120
CCRCNURSING1STFLOORSAVIN9155
Montevue1stFlrNursing920
MontevueAdmin1stFlr9135
MONTEVUENH2ndFlrNursSAVIN9120

Schedule 2.3(s)

County-Owned Laptop Computers on loan to Facility

NONE

Schedule 2.6

Purchase Price Allocation

Buildings	\$25,000,000
Other Facility Business Assets	\$ 4,600,000
<u>Facility Real Property</u>	<u>\$ 400,000</u>
TOTAL:	\$30,000,000

Schedule 4.2(d)

Litigation and Proceedings

- Petition for Judicial Review of Lawrence Watson, et al., In the Circuit Court for Frederick County, Maryland, Case No. 10—C-13-002413;
- Charles Truck, III, et al. v. Board of County Commissioners for Frederick County, Maryland, In the Circuit Court for Frederick County, Maryland, Case No. 10-C-13-002727;
- Denn, et al. v. Board of County Commissioners For Frederick County, Maryland, Before the Zoning Board of Appeals for The City of Frederick, Case No. ZBA 13-329;Judicial review of an adverse decision from the Zoning Board of Appeals has been filed in the Circuit Court for Frederick County in a case captioned In re Board of County Commissioners of Frederick County, Case No. C-13-4099; and
- Board of County Commissioners' Request for Consent to Sell Facility and Facility Real Property pending before the Maryland Board of Public Works ("BPW"), considered by the BPW on July 24, 2013 and August 21, 2013 when decision was deferred until all litigation is resolved.
- U.S. Department of Justice investigation into the possibility of overpayments by Medicare and Medicaid for therapy services from January 1, 2010 through the present.

Schedule 4.2(k)

Deposits and Patient Trust Funds

(Delivered at Facility Lease Effective Date to maintain privacy.)