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COUNSEL TO THE DEBTORS AND
DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Senior Care Centers, LLC, *et al.*,[1]	§	Case No. 18-33967 (BJH)
Debtors.	§	(Jointly Administered)

MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) APPROVING FORM OF OPERATIONS TRANSFER AGREEMENT, (II) AUTHORIZING TRANSFER OF THE OPERATIONS AND RELATED ASSETS OF A CERTAIN FACILITY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, AND (III) GRANTING RELATED RELIEF

A HEARING WILL BE CONDUCTED ON THIS MATTER ON AUGUST 27, 2019 AT 2:00 P.M. (PREVAILING CENTRAL TIME) AT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS, 1100 COMMERCE ST., 14TH FLOOR, COURTROOM NO. 2, DALLAS, TEXAS 75242.

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE

[1] The Debtors in the Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief* [Docket No. 569] and may also be found on the Debtors' claims agent's website at https://omnimgt.com/SeniorCareCenters. The location of the Debtors' service address is 600 North Pearl Street, Suite 1100, Dallas, Texas 75201.

CLERK OF THE BANKRUPTCY COURT WITHIN AT LEAST 4 DAYS IN ADVANCE OF THE HEARING DATE PROVIDED ABOVE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

The above-captioned debtors and debtors in possession (the "**Debtors**") hereby move (the "**Motion**") for entry of an order, substantially in the form attached hereto as Exhibit B (the "**Proposed Order**"), pursuant to sections 105, 363, and 365 of title 11 of the United States Code (the "**Bankruptcy Code**") and rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), (i) approving an operations transfer and surrender agreement (the "**OTA**") by and between PM Management – Park Valley NC, LLC (the "**Transferor**") and Park Valley Health Care Center Ltd. Co. (the "**New Operator**") the form of which is attached hereto as Exhibit A, (ii) authorizing the transfer of the certain assets and operations of the skilled nursing facility known as "Park Valley Inn Health Center" located at 17751 Park Valley, Round Rock, Texas 78681 (the "**Assets**") from the Transferor to the New Operator pursuant to the OTA, free and clear of all claims and encumbrances except as specified in the OTA, and (iii) granting related relief. In support of the Motion, the Debtors rely upon the *Declaration of Kevin O'Halloran, Chief Restructuring Officer of Senior Care Centers, LLC, in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 25] (the "**First Day Declaration**"). In further support of the Motion, the Debtors, by and through their undersigned counsel, respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). The Debtors consent to entry of a final order under Article III of the United States Constitution.

2. Venue is proper in this District under 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105, 363, and 365, and Bankruptcy Rules 6004 and 6006.

BACKGROUND

A. General Background

4. On December 4, 2018 (the "**Petition Date**"), the Debtors filed voluntary petitions commencing cases for relief under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**").[2]

5. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the First Day Declaration and fully incorporated herein by reference.

6. The Debtors continue to manage and operate their business as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

7. No trustee or examiner has been requested in the Chapter 11 Cases.

8. On December 14, 2018, the Office of the United States Trustee for the Northern District of Texas appointed an official committee of unsecured creditors in these Chapter 11 Cases (the "**Committee**").

[2] Certain additional Debtors filed voluntary petitions for relief on January 21, 2019 and May 20, 2019.

9. Transferor is the operator of the skilled nursing facility known as the "Park Valley Inn Health Center" located at 17751 Park Valley, Round Rock, Texas 78681 (the "**Facility**"), pursuant to: (i) a Master Lease Agreement, dated August 1, 2013, as amended (the "**Lease**"), between PM Management – Portfolio IX NC, LLC ("**Master Lessee**") and Saddleback Sundance, LLC and Saddleback Park Valley, LLC (collectively, "**Landlord**"), and (ii) a Sublease Agreement, dated August 1, 2013, as amended (the "**Sublease**"), between Master Lessee and Transferor.

10. On February 28, 2019, the Bankruptcy Court approved the rejection of the Lease.

B. Settlement Agreement

11. In connection with the transfer of the Assets, the Debtors and Landlord have negotiated a comprehensive agreement ("**Settlement Agreement**") that resolves various disputed issues and obviates the need to engage in costly and protracted litigation, creates a pathway for the Debtors to resolve certain of their financial difficulties, preserves the jobs of a substantial portion of the Debtors' employees by keeping all of the Debtors' operating facilities operational, and, most importantly, allows for the continued care of the Debtors' patients.

12. In conjunction with this Motion, the Debtors have contemporaneously filed a motion seeking the Court's approval of the Settlement Agreement with Landlord under Bankruptcy Rule 9019.[3] Each motion is contingent on the other motion being approved by the Court. Under the Settlement Agreement, the parties agree that (i) the Debtors will transfer the Assets to the New Operator pursuant to the OTA, and (ii) the Effective Date of the Settlement Agreement shall be the Closing Date of the OTA.

[3] *Motion of Debtors for Entry of an Order (I) Approving Settlement Agreement and (II) Granting Related Relief*.

13. A material term of the Settlement Agreement requires the Debtors to transfer the Assets to the New Operator and; therefore, as required by Bankruptcy Code §§ 363 and 365, the Debtors file this Motion seeking the Court's approval.

C. Proposed Transfer of assets

14. The Transferor is the operator of the Facility. The Transferor owns certain assets in connection with the operation of its Facility, and such assets are more particularly defined in the OTA as the "**Assets**". The New Operator desires to purchase from the Transferor the Assets related to the Facility. The New Operator, as of the date hereof, has executed the OTA with respect to the Facility it is purchasing, subject to Bankruptcy Court approval. The New Operator and the Transferor intend to transfer the Facility on the date which the New Operator receives its new operating license (the "**Closing**"). The OTA has an outside date of September 1, 2019.

15. As to the Facility, the Assets to be transferred under the OTA[4] specifically exclude (a) the accounts receivable, which are critical to the Debtors' current operations and are needed to fund other creditor distributions under a proposed plan, and (b) any and all causes of action, claims, or rights of avoidance or recovery of any transfers or liens under chapter 5 of the Bankruptcy Code or applicable state law. Generally, the Assets include:

a. All inventory, supplies, computers, software (to the extent permitted by applicable licensing agreements), and vehicles;

b. At the New Operator's option, and subject to subsequent Court approval, any service contracts, licenses, and equipment leases for which Landlord or the New Operator will pay any cure amounts related to prepetition defaults;[5]

[4] The description of the transferred Assets in the Motion is for summary purposes only and the terms of the OTA shall govern. To the extent there is any inconsistency between the description of Assets in the Motion and the OTA, the terms of the OTA shall govern.

[5] If any contracts are to be assigned to the New Operator, the Debtors will file a separate motion and provide notice and an opportunity to object as to any contract counterparties. A review of such contracts is currently ongoing.

c. Subject to applicable regulatory and Court approval, any Medicare/Medicaid provider number and any associated numbers and any and all rights in any other third party payor programs;

d. All charts, personnel records, property manuals, resident/patient charts and records, lists, and similar documents including employee manuals, training materials, policies, procedures and materials related thereto;

e. Subject to subsequent Court approval, all existing agreements with residents, including agreements to hold residents' funds in trust;

f. Subject to applicable regulatory and Court approval, all federal, state, or municipal licenses, certifications, certificates, approvals, permits, variances, waivers, provider agreements, and other authorizations certificates, to the extent assignable;

g. All assignable equipment warranties in favor of the Transferor;

h. All other assignable intangible property not enumerated in the OTA (including trade names) that are used by the Debtors in connection with the operation thereof;

i. All Debtor trade names associated including the name of the facility as then known to the general public, and all goodwill associated therewith; and

j. All telephone numbers used in connection with the operation of the facility, and all goodwill of the Debtor associated with the facilities.

16. On the terms and subject to the conditions contained in the OTA, at the Closing, the New Operator shall assume or otherwise be responsible for all liabilities and obligations under the Assets accruing or arising solely after the Closing (collectively, the "**Assumed Liabilities**"), and the Debtors shall have no liability for any such liabilities or obligations. Except for the Assumed Liabilities and cure amounts in association with any transferred contracts, the New Operator shall not assume or be liable for any liability, obligation, debt, claim against, or contract of the Facility or the Debtors.

17. The New Operator will execute new leases with the applicable landlord. As part of the consideration for the Settlement Agreement, the Transferor proposes to transfer the Assets to the New Operator and believe such transfer is in the best interests of the Debtors, their creditors, and the estates.

RELIEF REQUESTED

18. Through this Motion, the Debtors seek (a) approval of the OTA, which will be substantially in the form attached hereto as Exhibit A, (b) authorization to transfer the Assets from the Transferor to the New Operator, pursuant to the OTA, and (c) related relief.

BASIS FOR RELIEF

A. The OTA Represents the Exercise of Sound Business Judgment by the Debtors and Should Be Approved

19. The transfer of the Assets constitutes a "sale" within the meaning of Bankruptcy Code section 363 (including sections 363(b) and 363(f)) and Bankruptcy Rule 6007. Accordingly, the Transferor's conveyance of its Assets to the New Operator, in exchange for the concessions provided by Landlord under the Settlement Agreement should be deemed "free and clear" of all liens, claims, and other interests in such property as authorized under section 363(b) of the Bankruptcy Code. 11 U.S.C. § 363(f).

20. Bankruptcy Code section 363 authorizes a debtor to sell assets of the estate other than in the ordinary course of business and provides, in relevant part: "[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate ...." 11 U.S.C. § 363(b)(1).

21. Courts approve proposed sales of property pursuant to Bankruptcy Code section 363 if the transaction represents the reasonable business judgment of the debtor.[6] If a valid business justification exists for the sale, as it does in these Chapter 11 Cases, a debtor's decision to sell property out of the ordinary course of business enjoys a strong presumption "that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in an honest belief that the action taken was in the best interests of the company."[7] Therefore, any party objecting to this Motion must make a showing of "bad faith, self-interest or gross negligence."[8]

22. In determining whether a proposed section 363(b)(1) sale satisfies the "business judgment standard," courts consider the following: (a) whether a sound business justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested

[6] See *Inst. Creditors of Cont'l. Air Lines, Inc. v. Cont'l. Air Lines, Inc. (In re Cont'l. Air Lines)*, 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty … there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business."); *In re Moore*, 608 F.3d 253, 263 (5th Cir. 2010) ("A sale of assets under § 363 … is subject to court approval and must be supported by an articulated business justification, good business judgment, or sound business reasons."); *In re Delaware & Hudson Rv. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (holding that a court must be satisfied that there is a "sound business reason" justifying the preconfirmation sale of assets); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987) (stating that the elements necessary for approval of a section 363 sale in a Chapter 11 case are "that the proposed sale is fair and equitable, that there is a good business reason for completing the sale and the transaction is in good faith"); see also *Comm. of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063 (2d Cir. 1983); *Stephens Indus. Inc. v. McClung*, 789 F.2d 386, 391 (6th Cir. 1986).

[7] *In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); see also *In re ASARCO, L.L.C.*, 650 F.3d 593, 601 (5th Cir. 2011) ("The business judgment standard in section 363 is flexible and encourages discretion."); *GBL Holding Co.v. Blackburn/Travis/Cole, Ltd.*, 331 B.R. 251, 254 (Bankr. N.D. Tex. 2005) ("Great judicial deference is given to the [t]rustee's exercise of business judgment" [in approving a proposed sale under section 363].).

[8] *In re Integrated Res., Inc.*, 147 B.R. at 656 (citing *Smith v. Van Gorkom*, 488 A.2d 858, 872-73 (Del. 1985)); see also *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D. N.Y. 1986) ("Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct.").

parties; (c) whether the price is fair and reasonable; and (d) whether the parties have acted in good faith.[9] The Debtors will show the Court:

a. First, the Debtors have approved the OTA after thorough consideration of all viable alternatives and have concluded that the OTA is supported by a number of sound business reasons. The Debtors submit that the facts described above support an expeditious transfer of the Transferor's Assets to preserve value for the estates and provide a strong business justification for the transfer of such Assets. The Debtors believe that it is in the best interests of their estates to enter into and consummate the transactions provided for in the OTA.

b. Second, the Debtors have provided notice of the Motion as required by the Court, which notice constitutes adequate and reasonable notice to interested parties. Additionally, the Debtors have been in contact with parties who have expressed an interest in the Assets and have informed these parties of the proposed transaction. The Debtors believe that a more extended process would yield no higher or better offers for the operations and the Assets.

c. Third, the Debtors will have provided notice of the proposed cure amounts for any contracts to be assumed and assigned to the parties to those contracts (the "**Cure Parties**") and an opportunity to object to same.

d. Fourth, the consideration to be received by the Debtors for the Assets as a going concern provides the highest possible value and provides significant benefit to the Debtors' estates.

e. Fifth, the Debtors believe that the consideration to be obtained for the Assets and the Settlement Agreement is fair and reasonable. Further, the proposed transfers to the New Operator was negotiated in good faith.

23. For the foregoing reasons, the Debtors submit that the approval of the proposed OTA and the transactions contemplated thereby is appropriate and warranted under Bankruptcy Code section 363.

[9] See, e.g., *In re N. Am. Techs. Group, Inc.*, 2010 Bankr. LEXIS 5834, *7 (Bankr. E.D. Tex. Aug. 16, 2010) (citing *In re Condere*, 228 B.R. 615, 626 (Bankr. S.D. Miss. 1998)); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987). The Debtors will show that the proposed Transfer satisfies all these factors.

B. The Transfer of the Assets Will Be Free and Clear of Liens, Claims, Encumbrances, and Interests

24. Bankruptcy Code section 363(f) authorizes a debtor to sell assets free and clear of liens, claims, interests, and encumbrances in property of an entity other than the estate if:

a. applicable nonbankruptcy law permits a sale of such property free and clear of such interest;

b. such entity consents;

c. such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;

d. such interest is in bona fide dispute; or

e. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Because Bankruptcy Code section 363(f) is drafted "in the disjunctive," satisfaction of any one of its five (5) requirements will suffice to permit the sale of the Assets "free and clear" of liens and interests.[10] The Court also may authorize the sale of a debtor's assets free and clear of any liens, claims, or encumbrances pursuant to Bankruptcy Code section 105, even if section 363(f) did not apply.[11]

25. The Debtors believe that at least one of the tests in Bankruptcy Code section 363(f) will be satisfied with respect to any secured liens asserted against the Transferor's Assets

[10] *In re Nature Leisure Times, LLC*, 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007); see also *Michigan Employment Sec. Comm'n v. Wolverine Radio Co. (In re Wolverine Radio Co.)*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (stating that Bankruptcy Code section 363(f) is written in the disjunctive; holding that the court may approve the sale "free and clear" provided at least one of the subsections of Bankruptcy Code section 363(f) is met); *In re Dundee Equity Corp.*, No. 89-B-10233, 1992 WL 53743, at *4 (Bankr. S.D. N.Y. Mar. 6, 1992) ("[S]ection 363(f) is in the disjunctive, such that the sale free of the interest concerned may occur if any one of the conditions of § 363(f) have been met."); *In re Bygaph, Inc.*, 56 B.R. 596, 606 n.8 (Bankr. S.D. N.Y. 1986).

[11] See *Matter of Selby Farms*, 15 B.R. 372, 375 (Bankr. S.D. Miss. 1981) ("The power of the Bankruptcy Court to sell property free and clear of liens has long been recognized." (citing *Van Huffel v. Harkelrode*, 284 U.S. 225, 227-28 (1931))); *In re Trans World Airlines. Inc.*, No. 01-0056, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) ("Bankruptcy courts have long had the authority to authorize the sale of estate assets free and clear even in the absence of § 363(f)."); see also *Volvo White Truck Corp. v. Chambersberg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) ("Authority to conduct such sales [free and clear of liens] is within the court's equitable powers when necessary to carry out the provisions of Title 11.").

and other interests that may be alleged by other parties. The Debtors anticipate that any secured creditors will consent to the sale of the Assets pursuant to the OTA and Settlement Agreement. In addition, absent any objection to this Motion, all such secured creditors will be deemed to have consented to the relief requested herein.

26. Accordingly, the Debtors request that the Assets be transferred free and clear of any liens, claims, encumbrances or other interests, including, without limitation, any claims arising under doctrines of successor liability.

C. The New Operator is Entitled to Protection as a Good-Faith Purchaser

27. This Court has upheld section 363 purchase agreements "negotiated, proposed, and entered into … in good faith, without collusion … [resulting from] arm's-length bargaining with … parties represented by independent counsel."[12] A sale to a good-faith purchaser cannot be avoided under § 363(m), unless the sale authorization was stayed pending appeal.[13] However, "[t]he trustee may avoid a sale … if the sale price was controlled by an agreement among potential bidders…."[14] Additionally, for the sale to be considered in good-faith, consideration must: (i) be fair and reasonable, (ii) be the highest and best offer for the property, and (iii) constitute reasonably equivalent value, fair value, and fair consideration.[15]

28. The Debtors negotiated the OTA and Settlement Agreement at arm's length and in good faith to achieve the best results for their estates. The New Operator was represented by counsel and is not an affiliate or insider of the Debtors or otherwise related to the Debtors.

[12] *In re TriDimension Energy, L.P.*, 2010 Bankr. LEXIS 4838, *13 (Bankr. N.D. Tex. Nov. 19, 2010).

[13] See 11 U.S.C. § 363(m) ("The reversal or modification of an authorization under subsection (b) of this section of a sale … does not affect the validity of [the] sale … to an entity that purchased … the property in good faith….").

[14] *Id.* § 363(n).

[15] *In re TriDimension Energy, L.P.*, 2010 Bankr. LEXIS 4838, at *13.

Moreover, no equity ownership or future compensation has been offered to the Debtors or any insider of the Debtors. The New Operator is entitled to the protections of a good-faith purchaser under Bankruptcy Code section 363(m), and the OTA does not constitute an avoidable transaction pursuant to Bankruptcy Code section 363(n).

29. The Debtors submit that the OTA will provide substantial value to the bankruptcy estates because they will facilitate an efficient and orderly transfer of operations, avoid any cessation of operations and displacement of residents, and avoid substantial potential claims of residents and lessors.[16]

D. The Debtors May Enter Into the OTA and Other Agreements Related to or Associated With the Transfers

30. In connection with a sale of substantially all of a debtor's assets, courts routinely approve entry into asset purchase or similar agreements.[17] Such agreements are approved if they are an exercise of the debtor's sound business judgment.[18] The Debtors will show that the OTA has been negotiated at arm's length and that the Debtors utilized their business judgment in an attempt to maximize the recovery and/or minimize claims against their estates. The Court should

[16] See *In re TriDimension Energy, L.P.*, 2010 Bankr. LEXIS 4838, at *9 (finding that reasonably equivalent value existed under the Bankruptcy Code); *Mellon Bank, NA. v. Metro Communications, Inc.*, 945 F.2d 635 (3d Cir. 1991) (same), cert. denied, 503 U.S. 937 (1992); see also *Mellon Bank, N.A. v. Official Comm. of Unsecured Creditors (In re R.M.I., Inc.)*, 92 F.3d 139 (3d Cir. 1996); *Salisbury v. Texas Commerce BankHouston, N.A. (In re WCC Holding Corp.)*, 171 B.R. 972, 984 (Bankr. N.D. Tex. 1994) (reasonably equivalent value under Texas law) (citing *Besing v. Hawthorne (In re Besing)*, 981 F.2d 1488, 1495 (5th Cir.), cert. denied. 510 U.S. 821 (1993) and *Southmark Corp. v. Riddle (In re Southmark Corp.)*, 138 B.R. 820, 829 (Bankr. N.D. Tex. 1992)); *In re China Resource Prod. Ltd. v. Favda Intern., Inc.*, 856 F. Supp. 856, 866 (D. Del. 1994) (citing *Geyer v. Ingersoll Publications Co.*, 621 A.2d 784, 792 (Del. Ch. 1992)).

[17] See, e.g., *In re Tridimension Energy, L.P.*, 2010 WL 5209233, at *2 (Bankr. N.D. Tex. Oct. 29, 2010) (approving the debtor's proposed asset purchase agreement); *In re Enron Corp.*, No. 01-16034, 2002 WL 32154269, at *4 (Bankr. S.D. N.Y. Apr. 24, 2002).

[18] See, e.g., Tridimension Energy, 2010 WL 5209233, at *2 (finding that "the Debtors have demonstrated a compelling and sound business justification" for approval of the proposed asset purchase agreement); In re Decora Indus., Inc., No. 00-4459, 2002 WL 32332377, at *5 (Bankr. D. Del. May 17, 2002); In re Arlco, Inc., 239 B.R. 261, 265 (Bankr. S.D. N.Y, 1999).

approve the OTA and related agreements and all transactions contemplated therein in order to allow the proposed transfer of the Assets to the New Operator to be consummated.

E. Cause Exists To Eliminate Any Stay Imposed By the Bankruptcy Rules

31. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property ... is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). Bankruptcy Rule 6006 provides that an "order authorizing the trustee to assign an executory contract or unexpired lease under § 365(f) is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6006(d).

32. The Debtors request that any order approving this Motion be effective immediately, thereby waiving the 14-day stays imposed by Bankruptcy Rules 6004 and 6006. These waivers or eliminations of the 14-day stays are necessary for the transactions to close as expeditiously as possible. The Debtors respectfully submits that it is in the best interest of their estates to close the transactions as soon as possible after all closing conditions have been met or waived. Accordingly, the Debtors requests that the Court eliminate the 14-day stays imposed by Bankruptcy Rules 6004 and 6006.

CONSENT TO JURISDICTION

33. The Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

NOTICE

34. Notice of this Motion shall be provided to: (a) the Office of the United States Trustee for the Northern District of Texas; (b) the Office of the Attorney General of the states in

which the Debtors operate; (c) the Debtors' forty (40) largest unsecured creditors on a consolidated basis; (d) counsel to CIBC Bank USA; (e) counsel to Landlord and the New Operator; (f) the Internal Revenue Service; (g) the Department of Medicaid, Department of Health, and Division of Health Services Regulation in each state in which the Debtors operate; counsel to the Official Unsecured Creditors' Committee and (h) those parties who have requested notice pursuant to Bankruptcy Rule 2002.

35. The Debtors respectfully submit that such notice is sufficient and that no further notice of this Motion is required.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order: (i) granting the relief sought herein, and (ii) granting the Debtors such other and further relief as the Court may deem proper.

Dated: August 9, 2019
Dallas, Texas

Respectfully submitted,

POLSINELLI PC

/s/ Trey A. Monsour

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-and-

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Counsel to the Debtors and Debtors in Possession

Exhibit A

Form of Operations Transfer Agreement

OPERATIONS TRANSFER AND SURRENDER AGREEMENT

THIS OPERATIONS TRANSFER AND SURRENDER AGREEMENT, together with all exhibits and schedules (this "***OTA***"), dated as of August 8, 2019 (the "***Execution Date***"), is by and between PM Management- Park Valley NC, a Texas limited liability company ("***Transferor***"), and Park Valley Health Care Center Ltd. Co., a Texas limited liability company ("***Transferee***"). Transferor and Transferee may each be referred to herein as a "***Party***" and collectively as the "***Parties.***" A glossary of capitalized terms is set forth in Exhibit A attached hereto.

WHEREAS, on December 4, 2018, Transferor, along with certain of its Affiliates, commenced a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101-1532 (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Court***"); and is operating as a debtor-in-possession under sections 1107 and 1108 of the Bankruptcy Code. The chapter 11 cases are being jointly administered under Case No. 18-33967;

WHEREAS, Transferor is the operator of the skilled nursing facility located at 17751 Park Valley, Round Rock, 78681 Texas (the "***Facility***");

WHEREAS, Transferee desires to acquire and assume from Transferor pursuant to, *inter alia*, Sections 105, 365, and 554 of the Bankruptcy Code, all of the Assets as defined below and as more specifically provided herein;

WHEREAS, Transferor owns certain Assets used in connection with the operation of the Facility;

WHEREAS, Transferee desires to purchase the Assets and assume the Assumed Liabilities from Transferor, and Transferor desires to sell, convey, assign, transfer, and deliver to Transferee the Assets together with the Assumed Liabilities, all in the manner and subject to the terms and conditions set forth in this OTA and a Sale Order, in a form reasonably satisfactory to Transferee (the "***Sale Order***"), and in accordance with sections 105, 363 and 365 and all other applicable provisions of the Bankruptcy Code;

WHEREAS, by Agreement for Purchase and Sale of Assets (the "***PSA***") dated as of July 30, 2019, Saddleback Park Valley LLC ("***Seller***") has agreed to sell the Facility to First Park Valley Capital Funding, LLC ("***Buyer***"); and

WHEREAS, the Parties wish to provide for an orderly and lawful transition of the operations of the Facility from Transferor to Transferee in accordance with the terms of this OTA.

NOW, THEREFORE, in consideration of the premises, the mutual obligations of the Parties contained in this OTA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
SURRENDER

1.1 Surrender. Transferor agrees that Transferor's rights and obligations in and to the Facility and all of its rights to occupy or otherwise operate the Facility shall terminate as of the Effective Time, except those rights or obligations which survive or are retained by such Transferor pursuant to this OTA. Transferor agrees to convey, assign and deliver to Transferee the Assets and all of Transferor's right, title and interest in and to the business operations of the Facility, effective as of the Effective Time.

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ARTICLE II
ASSETS, LIABILITIES AND OTHER MATTERS

2.1 Assets. Upon the terms and subject to the conditions set forth in this OTA, on the Closing Date, and except for the Excluded Assets, to the fullest extent of its interest, Transferor shall sell, transfer, convey and/or assign to Transferee, free and clear of all Encumbrances of any nature whatsoever except for Permitted Encumbrances, all of Transferor's right, title and interest in and to the following items (the "***Assets***"). Each of the Exhibits referenced in this Section 2.1 shall be mutually agreed upon by the Parties prior to the expiration of the Due Diligence Review Period (as such term is defined in the PSA).

(a) Reserved;

(b) all computers, computer equipment and hardware, office equipment, parts, supplies and other tangible personal property owned by Transferor as of the date of this OTA or acquired by Transferor prior to the Closing Date and set forth on Exhibit 2.1(b);

(c) software licenses related exclusively to the operation of the Facility and set forth on Exhibit 2.1(c), to the extent assignable (and if licensor consent to such assignment is required, to the extent such consent is granted), subject to any license transfer fees which would be the responsibility of Transferee;

(d) all inventory and supplies located at the Facility at the Effective Time (excluding those provided by a National Contract) but not less than a quantity of inventory and supplies that is required by Law including, but not limited to, office, foodstuffs, medical, disposables, prescription medications and pharmaceutical inventories and supplies and other inventories, supplies and articles of personal property of every kind and nature attached to or used in connection with the Facility, but only to the extent such inventory and supplies are owned by Transferor (collectively "***Inventory***");

(e) all contracts, agreements, leases (excluding real estate leases), purchase orders relating exclusively to the Facility (collectively, the "***Contracts***") which are assumed and cured. Within five (5) days of the Execution Date, Transferor shall provide Transferee with a copy of all Contracts relating to the Facility;

(f) all menus, operating manuals for equipment at the Facility (but specifically excluding operating policy and procedure manuals), marketing, sales and promotional materials; notwithstanding the foregoing, Transferor shall leave all operating policy and procedure manuals in electronic form (the "***Policy and Procedure Manuals***") for Transferee to use for a period of one hundred fifty (150) days after the Closing. After one-hundred fifty (150) days (the "***Policy Return Date***"), Transferee shall return all Policy and Procedure Manuals to Transferor; *provided, however*, to the extent that Transferee uses the Policy and Procedure Manuals between the Closing Date and the Policy Return Date, Transferee shall be required to place its name thereon and remove the name of Transferor and its Affiliates; *provided, further* that the Parties acknowledge Transferor makes no representation or warranty as to the compliance of Policy and Procedure Manuals with applicable Law, and Transferor shall not be liable for any use thereof by Transferee;

(g) to the extent of its interest therein, all rights to telephone and facsimile numbers used by the Facility and all of the rights of Transferor in the name, tradenames, trademarks, and service marks using the name Park Valley Inn (but excluding the marks set forth in Exhibit 2.6);

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(h) all files, charts, and other information located at the Facility in Transferor's possession or control relating to all (i) current Residents of the Facility as of the Closing Date (including, but not limited to, all resident records, billing and collection records, medical records, therapy records, pharmacy records, clinical records, and Resident Trust Funds records), (ii) Residents who previously occupied the Facility or used the Facility prior to the Effective Time and are not Residents of the Facility as of the Effective Time (including, but not limited to, all patient records, medical records, therapy records, pharmacy records, clinical records, and Resident Trust Funds records) for the period between and including the Effective Time and the date that is three (3) years prior to the Effective Time, (iii) employment records for the Transferee Employees (including all medical and health records and all non-medical records including payroll and schedule records, evaluations, etc.), (iv) administrative compliance records including, but not limited to, all state surveys and plans of correction, and (v) correspondence and any other written data which was utilized in connection with the operation of the Facility or the Business (collectively, "***Current Records***");

(i) licenses, certificates, permits, waivers, consents, authorizations, variances, approvals, accreditations, guaranties, certificates of occupancy, utility lease agreements, covenants, commitments, and warranties relating to the Facility and the Assets, if any, issued to or on behalf of Transferor relating to the Assets or the Facility, provided the same are transferable and assumed by Transferee ("***Permits***"), provided that Transferee shall obtain its own National Provider Identifier ("***NPI"***) numbers;

(j) goodwill;

(k) such Transferor's right, title and interest as trustee or otherwise to residents/patient funds held in trust (collectively, "***Resident Trust Funds***") to the extent permitted by Law shall be transferred to Transferee on the Closing Date. Transferee shall accept such assignment on behalf of such resident/patient and shall indemnify and hold Transferor harmless in connection with any such resident/patient to the extent of the Resident Trust Funds received by Transferee, subject to Transferee's right to complete a trust fund audit prior to the Effective Time and prior to Transferee's acceptance of such assignment from Transferor; and

(l) all other assets, properties, rights, business and tangible personal property of every kind and nature owned by Transferor on the Closing Date, known or unknown, fixed or unfixed, choate or inchoate, accrued, absolute, contingent or otherwise, whether or not specifically referred to in this OTA relating exclusively to the Facility and its operations to the extent transferable and not expressly excluded pursuant to Section 2.6.

2.2 Nursing Home License; Medicare and Medicaid Provider Agreements.

(a) Transferee will file, within ten (10) Business Days of the Execution Date, an application for a change of ownership of the license (the "***CHOW***") to operate the Facility (the license issued following the filing of the CHOW, the "***New License***") with the Texas Health and Human Services (the "***Department***"), and Transferee shall file applications for the Ancillary Permits and Approvals as and when permitted or required under the laws of the applicable issuing authority. Transferee will provide Transferor with a copy of its filed application for the New License within one (1) Business Day after its filing of the application. Transferee shall diligently proceed to secure the New License and the Ancillary Permits and Approvals and shall (i) from time to time, upon request of Transferor, advise Transferor of the status of Transferee's efforts to secure the New License and the Ancillary Permits and Approvals, (ii) promptly advise Transferor once Transferee has received confirmation of the date on which the New

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License will be issued, and (iii) promptly upon receipt of a request therefor from Transferor, shall provide Transferor with copies of the document(s) evidencing the New License. For purposes hereof, "***Ancillary Permits and Approvals***" shall mean all ancillary permits or licenses required for the operation of the Facility from and after the Closing Date including, but not limited to, the Medicare tie-in notice and Medicaid provider agreement, business licenses, food service permits, elevator permits, vending machine permits, beauty shop licenses, and NPI numbers. Hereinafter, the New License and the Ancillary Permits and Approvals will be collectively referred to as the "***Regulatory Approvals***." The Parties will use reasonable efforts to cooperate by providing such information necessary for Transferee to file the application for the Regulatory Approvals contemplated under this Section 2.2. For avoidance of doubt and notwithstanding anything to the contrary herein, while Transferee shall not assume Transferor's Medicare and Medicaid Provider Agreements or NPI numbers, via the CHOW process, Transferee intends to assume Transferor's Medicare and Medicaid bed allowances to the extent allowed by law.

(b) To the extent permitted by Law and any applicable managed care contract:

(i) Transferee shall provide all notices and make all necessary filings as required under applicable Law in order for Transferee to become the certified Medicare and Medicaid provider at the Facility.

2.3 Transfer of Resident Trust Funds. To the extent permitted by applicable Law at the Closing, Transferor shall deliver to Transferee (a) original copies of the trust fund records, (b) a written statement that sets forth the Resident Trust Funds, and (c) an assignment of the Resident Trust Funds to Transferee. Within ten (10) Business Days following the Closing Date, Transferor shall prepare and deliver to Transferee a true, correct and complete accounting, properly reconciled and balanced, of the Resident Trust Funds as of the Effective Time. Transferee hereby agrees that it will accept such Resident Trust Funds and hold the same in trust for the Residents, in accordance with applicable statutory and regulatory requirements.

2.4 Assumption of Liabilities.

(a) Upon the terms and subject to the conditions set forth in this OTA, at the Effective Time, Transferee agrees to assume the following liabilities relating to the Assets, subject to the provisions of Section 2.4(b): (i) all obligations and liabilities under the Designated Contracts, (ii) all obligations and liabilities relating to the Assumed PTO (iii) any Taxes with respect to the operation of the Business at the Facility, (iv) all liabilities under the terms of the Permits, and (v) all obligations and liabilities (in each case, whether or not accrued, whether fixed, contingent or otherwise, and whether known or unknown) pertaining to the operation of the Facility, but in the case of each of clauses (i), (iii), (iv) and (v), only to the extent such liabilities relate to the period after the Effective Time (collectively, "***Assumed Liabilities***").

(b) Except for the Assumed Liabilities, Transferor shall retain all of its liabilities and obligations of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of and by reason of the ownership or operation of the Assets and the Facility prior to the Effective Time. Except to the extent expressly and unambiguously expressed herein to the contrary, Transferee is not the successor to liability of Transferor and is not herein assuming any liability or detriment from, arising from, out of, or relating to, Transferor's ownership or operation of the Assets, the Facility or any activity of Transferor prior to the Effective Time or conduct of Transferor after the Effective Time. Transferor shall retain all of its applicable foregoing liabilities and obligations ("***Retained Liabilities***").

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2.5 Employees and Employee Benefits. The Parties hereby agree that:

(a) Not less than thirty (30) days prior to the Closing, Transferor shall update the list of employees on Schedule 4.6(a) to reflect new hires and terminations of employment that occurred after the Execution Date and Transferor shall also provide a list of employees on Schedule 2.5(a) who are not subject to offers of employment from Transferee or its Affiliates pursuant to Section 2.5(b) below.

(b) Not less than ten (10) days prior to the Closing, Transferee shall (or shall cause one of its Affiliates to) offer in writing "At Will" employment to substantially all of those employees listed on such revised Schedule 4.6(a) who meet Transferee's employment eligibility requirements (and, in any case, at least ninety percent (90%) of the employees listed on Schedule 4.6(a)), effective as of the Effective Time (and subject to such employee's continued employment with Transferor as of immediately prior to the Effective Time), on the terms and conditions set forth in this Section 2.5. Employees who accept Transferee's (or its Affiliate's) offers of employment and commence employment with Transferee are referred to herein as "***Transferee Employees***." Transferee acknowledges that Transferor's prior written consent shall be required to offer employment to any non-Facility based employees of Transferor. The employment of each Transferee Employee shall be effective as of the Effective Time. Selection of employees for job offers shall be conducted in compliance with State and Federal anti-discrimination laws. Nothing contained in this OTA shall constitute a guaranty of employment or continued employment of any kind for any current or former employee of Transferor, whether or not such employee is hired by Transferee.

(c) As of 11:59:59 p.m. (local time where the Facility is located) on the applicable Closing Date, Transferor shall terminate the employment of all employees at the Facility including, without limitation, Persons temporarily absent from active employment by reason of disability, illness, injury, workers' compensation, approved leave of absence or layoff. Transferee's or its Affiliate's offer of employment to Transferor employees pursuant to Section 2.5(b) above shall commence at the Effective Time, such that those Transferor employees who accept employment with Transferee or its Affiliate shall not experience a period of unemployment in connection with the transactions contemplated herein.

(d) Not less than fifteen (15) days prior to the Closing, Transferee shall (i) identify to Transferor all Transferor employees identified on Schedule 4.6(a) to whom Transferee and its Affiliates will not offer employment, and (ii) identify to Transferor all employees of Affiliates of Transferor (such as, without limitation, occupational, speech, and physical therapists, dieticians, clinicians, regional support staff, division vice-presidents, sales people, and such other similar positions) providing services to the Facility to whom Transferee or its Affiliates would propose to make offers (such individuals under subsection (ii) being "***Affiliated-Service Transferee Employees***"), subject to consent in the sole discretion of the applicable Transferor Affiliate (which consent, in response to Transferee's request to make an offer of employment to any Affiliated-Service Transferee Employee who is a rehabilitation therapist, shall not be unreasonably withheld, conditioned or delayed and if such Transferor Affiliate has not responded to such request within ten (10) days following receipt of the request, Transferee shall assume that consent has been provided and Transferee may offer employment to all such Affiliated-Service Transferee Employees). To the extent that Transferor's applicable Affiliate provides such consent, then the requirements regarding employment and hiring of Affiliated-Service Transferee Employees by Transferee and its Affiliates will be the same for Transferee and its Affiliates as those for Transferee Employees under this Section 2.5. Notwithstanding the foregoing and for the avoidance of doubt, Facility-based dietary staff (other than dieticians), and Facility-based laundry and housekeeping staff are not Affiliated-Service Transferee Employees, and no consent of Transferor or any Transferor Affiliate shall be required for Transferee to offer employment to and hire such staff. Transferee shall be responsible for notifying Transferor of those

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Transferor employees who will not receive an offer of employment by Transferee. If Transferee does not identify to Transferor all Transferor employees identified on Schedule 4.6(a) to whom Transferee and its Affiliates will not offer employment not less than ten (10) days prior to the Closing, Transferor shall assume that all such employees will be offered employment.

(e) The Parties shall work together in good faith to coordinate reasonably regarding employee changes that occur between the date of the scheduling updates in this Section and the Effective Time so that each Party can update its schedules and records accordingly.

(f) Except as otherwise required by Law, Transferor shall pay the employees at the Facility in accordance with its standard payroll practice, all earned wages due and payable as of the Closing Date including, but not limited to, any severance, retention bonus or other change in control payment payable to any Transferee Employee or Affiliated Service Transferee Employee, as applicable, that become due or owed as a result of the consummation of the transactions contemplated by this OTA provided, however, Transferee shall assume all of the accrued (whether or not earned) paid time off, personal leave, and vacation benefits for each Transferee Employee as of the Effective Time, as set forth on the PTO Schedule (the "***Assumed PTO***"). Except for the assumption of the Assumed PTO as provided in the preceding sentence, Transferee shall have no responsibility for payment of wages, salary or other compensation of any kind relating to the employment of any Transferee Employee or Affiliated-Service Transferee Employee with Transferor before the Closing Date.

(g) All Transferee Employees hired by Transferee who accept and commence employment with Transferee following the Effective Time shall be employed by Transferee on an "at will" basis. Transferee shall initially employ Transferee Employees on the following terms and conditions in such manner as not to trigger WARN Act liability: (i) comparable base salary or rates of pay as in effect immediately prior to the Closing Date for employees of similar tenure performing comparable services at Transferee's other skilled nursing facilities, and (ii) employee benefits that are comparable in the aggregate to the benefits that are provided by Transferee to its employees under the Plans at its other skilled nursing facility operations. In furtherance and not in limitation of the foregoing, Transferee shall treat prior service with Transferor as service with Transferee for purposes of determining eligibility to receive and participate in all benefits programs maintained by Transferee. It is understood that Transferee shall not be responsible to pay any disability or workers' compensation benefits to or for any Transferor's employee who is receiving such benefits or who experienced a disability or injury covered under Transferor's benefit plans or workers compensation insurance program on or before the Closing, and that Transferor, as applicable, shall continue to be responsible for payment of such benefits until such obligation terminates under the applicable benefit plans or Laws. Transferee, at reasonable times in advance of Closing upon prior written notice to and coordination with Transferor, shall be entitled to meet with the employees of the Facility and distribute employment applications and benefit enrollment packages. This OTA shall not create and shall not be deemed to create or grant to any Transferee Employee any third party beneficiary rights or claims or any cause of action of any kind or nature.

(h) Pursuant to Treasury Regulations Section 1.409A-1(h)(4), Transferor and Transferee agree that on the Closing Date, each Transferee Employee shall be treated as having a "separation from service" for purposes of Section 409A of the Code and Treasury Regulations Section 1.409A-1(h).

(i) Subject to Section 2.5(l), Transferor shall retain the liability for the claims respecting all employees of Transferor (including the Transferee Employees) that are incurred under any Plan prior to the Effective Time.

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(j) Transferee shall be responsible for any and all liabilities arising out of or with respect to any Transferee Employee arising with respect to employment by Transferee after the Effective Time or attributable to events or circumstances occurring after the Effective Time.

(k) The Parties acknowledge and agree that all provisions contained in this Section 2.5 with respect to employees are included for the sole benefit of the respective Parties and shall not create any right (i) in any other Person, including any employees, former employees, any participant in any Plan or Transferee Plan or any beneficiary thereof, or (ii) to continued employment with any Transferor or Transferee, or particular benefits or coverage in any Plan or Transferee Plan. For the avoidance of doubt, (A) the provisions of this Section 2.5 shall not constitute an amendment to any Plan or Transferee Plan, and (B) in no event shall any employee, former employee, any participant in any Plan or Transferee Plan or any beneficiary thereof or any other Person described herein be a third party beneficiary for purposes of this OTA.

(l) Immediately following the Closing, Transferee shall provide Transferee Employees who accept employment with Transferee, as well as eligible dependents of such employees (collectively, with the Transferee Employees, "***Affected Participants***") the opportunity to participate in the applicable employee benefit plans, programs or policies maintained or established by Transferee that are comparable to the plans and benefits Transferee provides at its other skilled nursing facility operations (each, a "***Transferee Plan***"), which may include medical, dental, vision, and/or any other applicable group medical plan, program, insurance coverage or arrangement. If elected, the benefits offered to such employees must extinguish Transferor's COBRA insurance coverage obligations. With respect to each Transferee Plan in which Affected Participants become eligible to participate, subject in each case to the consent of any applicable insurer, Transferee shall waive any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such Plan, except to the extent that such waiting period, evidence of insurability requirement, or pre-existing condition limitations would not have been satisfied or waived under the comparable Plan in which the Affected Participant participated immediately prior to the Effective Time.

2.6 Excluded Assets. Transferee shall not purchase, and Transferor shall retain, any right, title and interest in the assets listed on Exhibit 2.6 (collectively, "***Excluded Assets***").

ARTICLE III
CONSIDERATION AND THE CLOSING

3.1 Transfer Consideration. The total consideration to be paid to Transferor by Transferee on the Closing Date for the Assets shall be an amount equal to $10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged (the "***Transfer Consideration***") plus the assumption of the Assumed Liabilities.

3.2 Time and Place of Closing. Subject to the satisfaction or waiver of all of the conditions precedent set forth in this OTA, the consummation of the transactions contemplated under this OTA (the "***Closing***") shall take place on the later of the date on which Transferee receives the New License and the right to take possession of the Facility or such other date as the parties may mutually agree. The date on which the Closing occurs is referred to herein as the "***Closing Date***." Notwithstanding the actual time at which the Closing occurs, the time ("***Effective Time***") as of which the Closing shall be deemed to be effective and the risk of loss shall pass from Transferor to Transferee shall be 12:00:01 a.m. (local time where the Facility is located) on the Closing Date.

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3.3 Closing Matters. Upon the terms and subject to the conditions set forth in this OTA, at the Closing:

(a) Transferor shall deliver to Transferee a bill of sale in a form mutually acceptable to both Parties (the "***Bill of Sale***") and such endorsements, assignment instruments, and other instruments of transfer and conveyance as shall be reasonable or necessary to convey, transfer, assign and deliver the Assets to Transferee pursuant to the terms of this OTA;

(b) Transferor shall deliver an assignment of its interests to the Assumed Liabilities including, without limitation, the Designated Contracts, pursuant to an assignment and assumption agreement mutually acceptable to the Parties (the "***Assignment and Assumption Agreement***");

(c) Transferor and Transferee shall each execute and deliver to the other a certificate in the form attached hereto as Exhibit 3.3(c) ("***Bring Down Certificate***");

(d) Transferor and Transferee shall execute a closing statement with respect to the prorations contemplated by Section 3.4 hereof, and the Party owing pursuant to such statement shall pay the amount due in immediately available funds at Closing;

(e) Transferee shall deliver to Transferor the Transfer Consideration, including payment for any Designated Vehicle purchased by Transferee;

(f) Transferee shall deliver to Transferor the original vehicle titles for all Designated Vehicles purchased and paid for at Closing by Transferee;

(g) Not later than ten (10) days after the Closing, Transferor shall execute and deliver to Transferee a detailed schedule and an assignment of all Resident Trust Funds;

(h) Transferor shall execute and deliver to Transferee an assignment of any and all security deposits or advance deposits from Residents, and Transferee shall deliver to Transferor a written receipt for such funds indicating that Transferee is accepting such funds in trust for the Residents;

(i) Transferor shall deliver to Transferee, to the extent that they are not posted at the Facility, certificates, licenses, permits, authorizations and/or approvals issued for or with respect to such Facility by any Governmental Entity;

(j) (i) Transferor shall deliver to Transferee, or leave at the Facility, the originals (or copies) of all Designated Contracts in effect on the Closing Date;

(k) Transferor shall deliver to Transferee a current and complete list of the names of each Resident in the Facility;

(l) Not later than ten (10) days after the Closing, Transferor shall deliver a detailed Accounts Receivable aging as of the Effective Time noting all balances owed to Transferor for dates of service prior to the Effective Time as described in Section 6.11 below;

(m) Transferor shall provide to Transferee an updated Schedule 4.6(a) that lists Transferor's employees as of the Closing Date; and

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(n) Transferor shall provide to Transferee a complete and accurate schedule setting forth the Assumed PTO (both number of days and dollar amount) for each Transferee Employee as of the Closing Date (the "***PTO Schedule***").

3.4 Closing and Post-Closing Adjustments: Costs and Prorations. In addition to any other items agreed upon by the Parties, the following items are to be apportioned between Transferor and Transferee on a *pro-rata* basis as to ownership and/or operation as of the Closing Date, in accordance with the general principle that Transferor shall be entitled to the revenue attributable to, and responsible for such expenses and obligations attributable to, the conduct of the Facility for the period prior to the Closing Date, and Transferee shall be entitled to the revenue attributable to, and responsible for such expenses and obligations attributable to, the conduct of the Facility on and after the Closing Date:

(a) Water, gas, electric, telephone and other utility charges, and sewer and waste water charges, shall be prorated, to the extent possible prior to the Closing, as of the applicable Closing Date. For metered service, Transferor shall pay or cause to be paid the utility bills for services rendered prior to the readings, and Transferee shall pay the utility bills for the services rendered after the readings. If any metered utility is read on any day other than the Closing Date, Transferor and Transferee shall prorate such utility charges consistent with the most recent bills, and then reconcile following the Closing as provided in Section 3.4(f). In furtherance of the foregoing, Transferee shall work to transition the utilities serving the Facility into the name of Transferee effective as of the Effective Time, and Transferor shall reasonably cooperate with Transferee. Transferor shall provide to Transferee at Closing with a copy of the most recent invoice from each utility vendor which shall include applicable account numbers.

(b) Subject to and consistent with Section 6.11, all revenue (including rent and Residents' occupancy fees) attributable to any period ending prior to the Closing Date shall belong to Transferor, and all revenue (including rent and Residents' occupancy fees) attributable to any period on and after the Closing Date shall belong to Transferee.

(c) For expenses of the Facility, Transferee shall remit to Transferor any invoices which reflect a service or delivery date before the applicable Closing Date, and Transferee shall assume responsibility for the payment of any invoices which reflect a service or delivery date on and after the Closing Date. Notwithstanding the foregoing, Transferee acknowledges and agrees that it shall have no right, title or interest in and to any retroactive workers compensation insurance program payments whether or not the same are paid prior to or after the Closing Date if and to the extent they relate to any period prior to the Closing Date.

(d) Any and all deposits of Transferor with respect to the Facility including, without limitation, any and all equipment leases, security and/or utility deposits paid to and/or cash or other collateral held by any equipment lessor or by any utility, insurance company or surety, shall remain the sole and exclusive property of Transferor, and Transferee shall have no right or interest therein or thereto, and to the extent that Transferor does not receive a return of any such deposit on the Closing Date and such security deposit has been assumed by Transferee, Transferee shall reimburse Transferor on the Closing Date the full amount of any such security deposit assumed by Transferee.

(e) Any bed Tax shall be *pro-rated* between Transferor and Transferee based on the period of its operation of the Facility occurring before and after the Closing Date, as the case may be, including, but not limited to, any such assessments made by the State in which the Facility is located and/or paid by Transferor prior to the Closing Date that would apply to operation of the Facility on and after the Closing Date.

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(f) All such prorations shall be made on the basis of actual days elapsed in the relevant accounting, billing or revenue period and shall be based on the most recent information available to Transferor and Transferee. Transferor and Transferee shall reasonably cooperate to produce prior to the Closing a schedule of prorations to be made under this Section 3.4 at the Closing that is as complete and accurate as reasonably possible. All prorations that can be accurately or reasonably estimated as of the Closing shall be made at the Closing. All other prorations, and adjustments to initial estimated prorations, shall be made by the Parties with due diligence and cooperation within one hundred twenty (120) days following the Closing, or such later time as may be required to obtain necessary information for proration, by payment in immediately available funds by wire transfer to one or more bank accounts designated in writing of the Party yielding a net credit from such prorations from the other Party.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF TRANSFEROR

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any Schedules that are updated prior to the Closing in accordance with the provisions of this OTA, Transferor represents and warrants to Transferee the following:

4.1 Corporate.

(a) Organization. Transferor is an entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization.

(b) Power and Authority; Authorization; Enforceability. Transferor has all necessary corporate, partnership or similar power and authority to own, operate and lease the Assets, and to carry on its business as and where such is now being conducted, including the Business. Transferor has all necessary corporate, partnership or similar power and authority to enter into the documents and instruments to be executed and delivered by Transferor pursuant hereto and to carry out the transactions contemplated hereby. The execution and delivery of this OTA and the performance of this OTA by Transferor has been duly and validly authorized. This OTA constitutes the legal, valid and binding obligation of Transferor, enforceable against Transferor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

(c) Qualification. With respect to the Business, Transferor is duly qualified or licensed to do business, and is in good standing, in all jurisdictions (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such licensing or qualification.

(d) No Conflicts or Violations. Except as listed on Schedule 4.1(d), neither the execution and delivery of this OTA, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of the terms hereof by Transferor shall (i) violate or result in a breach of any of the material terms and provisions of, constitute a default under, conflict with, or result in any acceleration of rights, benefits or obligations of any party under any Designated Contract to which Transferor is a party or by which it is bound, (ii) violate any Order of any Governmental Authority applicable to Transferor, (iii) result in the creation of any material Encumbrance upon any Asset pursuant to the terms of any such Designated Contract, (iv) constitute a violation by Transferor of any applicable Law, (v) result in the breach of any of the material terms or conditions of, or constitute a default under, or otherwise cause any

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impairment of, any permit, license or other governmental authorization held by Transferor, or (vi) conflict with or violate any organizational document of Transferor, except in the case of sub-clauses (i), (ii), (iii), (iv) and (v), to the extent that any such violation, breach or Encumbrance would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.2 Notices. Except as listed in Schedule 4.2, neither the Facility nor Transferor has received, during the last two (2) years, written notice: (a) that the Facility will be subject to a rate reduction for Medicaid or Medicare services provided therein as a result of a Medicare or Medicaid audit; or (b) from any Governmental Entity that results in a Material Adverse Effect or identifies that the Facility is in violation of Law which has not been cured, except where such violation would not reasonably be expected to result in a Material Adverse Effect. Transferor shall disclose any rate reduction or bed count reduction of which it becomes aware prior to the Closing and any rate reduction proposal or bed count reduction proposal of which it becomes aware prior to the Closing that may reasonably affect the Facility.

4.3 Litigation. Except as disclosed on Schedule 4.3, there is no Action pending or, to Transferor's Knowledge, threatened against Transferor with respect to the Assets or the Business. Transferor is not subject to any Order relating to the Assets or the Business.

4.4 Taxes. Except as disclosed on Schedule 4.4:

(a) All Returns required to be filed by or on behalf of Transferor on or before the Closing Date with respect to the Business or the Assets have been duly and timely filed (or subject to proper extensions) with the appropriate taxing authority in all jurisdictions in which such Returns are required to be filed, and all such Returns are true, complete and correct in all material respects.

(b) All Taxes of Transferor shown on any such Return with respect to the Business and the Assets that are due and payable on the Execution Date have been fully and timely paid.

(c) There are no Encumbrances for Taxes upon the Assets other than statutory liens for Taxes not yet due or payable.

4.5 Employee Benefit Plans.

(a) Schedule 4.5(a) lists all Employee Benefit Plans including, without limitation, any welfare plan within the meaning of Section 3(1) of ERISA, or any pension plan within the meaning of Section 3(2) of ERISA, that Transferor or Affiliate sponsors, maintains, contributes or is obligated to sponsor, maintain, or contribute to the benefit of any current or former employees or other service provider of the Business (or any dependent or beneficiary thereof), or under which SCC or Transferor has any material liability with respect to any current or former employee or other service provider of the Business (each, a "***Plan***"). Transferor has delivered or otherwise made available in the VDR to Transferee true, accurate and complete copies of each Plan (or, if the Plan has not been reduced to writing, a written summary of all material terms).

(b) Each Plan that is intended to be qualified under Section 401(a) of the Code (each a "***Qualified Plan***") has received a favorable determination, opinion, or advisory letter from the IRS indicating that such Qualified Plan (or the master, prototype, or volume submitter form on which it is established) is so qualified under the Code in form, and no fact or event has occurred since the issuance of the most recent such letter that creates a material risk of revocation of any such letter. Transferor has made available to Transferee a copy of such determination, opinion, or advisory letter.

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(c) Neither Transferor nor any ERISA Affiliate thereof currently sponsors, maintains, or contributes to (or has an obligation to sponsor, maintain or contribute to) or sponsored, maintained or contributed to (or had an obligation to sponsor, maintain or contribute to) any "employee pension benefit plan" (as defined in Section 3(2) of ERISA) for which Transferor or any ERISA Affiliate has any liability covering employees of the Business that is subject to Title IV of ERISA or Code Section 412, including any "multi-employer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA, or any "multiple employer plan" subject to Section 4063 or 4064 of ERISA. "***ERISA Affiliate***" means any Person that is considered a single employer with such Person under Section 414(b), (c), (m) or (o) of the Code, any Transferor or Transferor Affiliate.

(d) With respect to each Plan, Transferor, or its Affiliates, as applicable, have funded, administered and maintained each Plan in material compliance with all applicable Laws, including ERISA and the Code, and there is no litigation or proceeding pending (other than routine claims for benefits) or, to the Knowledge of Transferor, threatened or anticipated with respect to any Plan in connection with the Business.

(e) Except as required under COBRA, no Plan provides or promises benefits, including death or medical or other health-related benefits, with respect to current or former service providers of the Business beyond retirement or other termination of service, and Transferor or its Affiliates have no obligation to provide or contribute toward the cost of any such benefits.

(f) Neither the execution and delivery of this OTA and any related documents nor the consummation of the transactions contemplated hereby will, either alone or in combination with any other event, (i) increase any benefits payable under any Plan, including acceleration of the payment or vesting of any benefit under any Plan, or (ii) entitle any employee to severance payable by Transferee or any Affiliate thereof; *provided, however*, that benefits due and payable from a Plan may be paid or made available due to a termination of employment from Transferor in the ordinary course of administration of any such Plan.

4.6 Employees.

(a) Schedule 4.6(a) contains a true and correct list of (i) all of the current employees of the Business as of the Execution Date, including those employees on a leave of absence of any kind, (ii) each such employee's name, title, and location of employment, (iii) each such employee's employment status (i.e., whether such employee is actively employed or not actively employed due to illness, short-term disability, sick leave, authorized leave of absence, layoff for lack of work or service in the Armed Forces of the United States or for any other reason), (iv) each such employee's hourly wage rate, salary level or annual rate of compensation, including bonuses and incentive pay, (v) the hours worked by each such employee during the preceding twelve (12) months, the exempt or non-exempt status of each employee (whether or not paid at an hourly or salary rate), (vi) each employee's date of hire or commencement of most recent employment, (vii) a description of any fringe benefits, and (viii) existing contractual arrangement with employees, if any (it being understood that all Parties do not consider any "at-will" arrangements with employees to be Contracts).

(b) Except as disclosed on Schedule 4.6(b), all salary, wages, commissions, bonuses and other cash compensation (excluding the Assumed PTO, unless required by applicable law) due and payable to employees of Transferor on or prior to the date hereof, as of the Closing Date, shall be paid in full on or promptly following the Closing Date in accordance with Transferor's standard payroll practices.

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(c) All workers directly engaged by Transferor (excluding any engagement through a staffing agency) and classified by Transferor as independent contractors since January 1, 2016, have in good faith satisfied the requirements of applicable Law to be so classified, and Transferor has in good faith fully and accurately reported each such person's compensation on IRS Forms 1099 during such period when required to do so.

(d) Except as disclosed on Schedule 4.6(d), Transferor has complied, in all material respects, with all applicable Laws pertaining to labor or employment practices or relations (including, but not limited to, the terms and conditions of employment, management-labor relations, employee classification, records retention, equal opportunity employment, non-discrimination, disability accommodation, human rights, statutory and regulatory employer notice requirements (including requirements pursuant to the Fair Credit Reporting Act, the United States Immigration and Nationality Act, as amended, federal, state, provincial and local minimum wage laws, regulations and ordinances, federal and state family, medical and military leave laws and regulations, occupational safety and health laws and regulations, and any other similar applicable Law mandating employer notice of employer and/or employee rights and responsibilities under such Law), statutory and contractual leaves of absence, wage and hour issues, immigration, occupational safety and health, workers' compensation, pay equity and human rights and the employment or termination of employment of their employees, including all such Laws relating to equal employment opportunities, payment of wages (including, but not limited to, payment of hourly wages, overtime, salaries, commissions, bonuses, profit sharing, unemployment compensation, benefits, and vacation, sick or other earned time off benefits due and payable to such employees under any policy, practice, Contract, program or applicable Law) or illegal discrimination).

(e) Except as set forth in Schedule 4.6(e), there are no outstanding, pending or, to Transferor's Knowledge, threatened, actions, causes of action, claims, complaints, grievances, demands, Orders, prosecutions, or suits against Transferor (including its and their respective directors, officers, agents, or employees) claiming that Transferor has violated any applicable employment Laws before any Governmental Authority or labor relations board, including the National Labor Relations Board, the Department of Labor, and the Equal Employment Opportunity Commission regarding any employees of the Business. No written notice has been received by Transferor of the intent of any Governmental Authority responsible for the enforcement of labor or employment Laws to conduct an investigation of Transferor regarding any employees of the Business and no such investigation is in progress.

(f) Except as set out on Schedule 4.6(f), Transferor is not a party to any collective bargaining agreement relating to the Business.

(g) Except as set forth in Schedule 4.6(g), since January 1, 2018, Transferor has not experienced any labor disputes, any union organization attempts or any work stoppages, walk outs, strikes, or lock outs due to labor disagreements. There are no unfair labor practice charges or complaints pending or threatened against Transferor. There is no labor strike, dispute, request, petition or pending election for representation, slowdown or stoppage pending, or to Transferor's Knowledge, threatened or anticipated against or affecting Transferor.

(h) Transferor maintains an Employment Eligibility Form on Form I-9 for each employee currently employed in the United States in accordance with applicable Law.

(i) Except as set forth in Schedule 4.6(i) or with respect to employees subject to a collective bargaining agreement, all employees of Transferor are employed at-will, may be terminated at

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any time with or without notice and for any reason or no reason at all, without material cost or penalty to Transferor.

(j) Except with respect to transactions contemplated by this OTA, Transferor has not implemented any employee layoffs that could implicate the WARN Act or any similar applicable foreign, state or local Law, and no such events are currently planned, anticipated or announced.

4.7 Reserved.

4.8 Certain Healthcare Matters; Compliance Generally.

(a) Government Reimbursement Programs.

(i) Except as set forth on Schedule 4.8(a)(i), the Transferor (with respect to the Facility) is (A) qualified for participation in, and has current and valid provider contracts with, the applicable Government Reimbursement Programs and/or their fiscal intermediaries or paying agents in which the Facility participates, all of which Government Reimbursement Programs are listed on Schedule 4.8(a)(i), and is in compliance with the conditions of participation or requirements applicable with respect to such participation, and (B) eligible for payment under the applicable Government Reimbursement Programs in which the Facility participates for services rendered to qualified beneficiaries.

(ii) Except as set forth on Schedule 4.8(a)(ii), all Cost Reports required to be filed for the Facility have been prepared and filed in good faith in accordance with applicable Laws when due, and are true, correct, and complete in all material respects (and true and complete copies of Cost Reports for the past three (3) fiscal years have been set out in the VDR).

(iii) All amounts shown as due from the Facility in the Cost Reports either were remitted with such Cost Reports or will be remitted when required by applicable Law and are appropriately reflected in Transferor's financial statements, and all amounts shown in the Notices of Program Reimbursement as due have been, or prior to the Closing will be, paid when required by applicable Law.

(iv) Except as set forth on Schedule 4.8(a)(iv), Transferor has not, during the last two (2) years, received written notice of any dispute or claim by any Governmental Authority, fiscal intermediary or other Person regarding the Facility and the Government Reimbursement Programs or the participation by the Facility in such Government Reimbursement Programs that have not been cured, and to Transferor's Knowledge, there are no (A) threatened recoupment claims for services provided by the Business, or (B) threatened suspensions, terminations, or restrictions to any contracts with Government Reimbursement Programs and/or their fiscal intermediaries or paying agents.

(v) Except as set forth in Schedule 4.8(a)(v), there are no (A) current, pending or outstanding Government Reimbursement Program audits or appeals, (B) Cost Reports that are subject to audits, (C) Cost Reports that remain "open" or unsettled, and (D) current or pending Government Reimbursement Program or private payor recoupment efforts (other than those conducted in the ordinary course), in each case with respect to the Facility.

(b) Licenses. The Facility's skilled nursing facility license is set forth in the VDR, and all other material licenses applicable to the Business (collectively, "***Licenses***") are located at the Facility. All such Licenses are all of the material Licenses necessary for the ownership and/or operation of the

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Facility as currently conducted. Such Licenses are in full force and effect, have not been pledged as collateral security, no proceeding is pending or, to Transferor's Knowledge, threatened, seeking the revocation or limitation of any such License. The Facility is duly licensed as a skilled nursing facility or assisted living facility, as applicable, as required under the Laws in the State where the Facility is located, for at least that number of beds as currently listed on the Licenses. Schedule 4.8(b) sets forth a true, correct, and complete list of the number and types of licensed beds at the Facility and whether such beds are Medicaid and/or Medicare certified. Except as set forth on Schedule 4.8(b), there are no proceedings or actions pending or, to Transferor's Knowledge, contemplated to reduce the number of licensed or certified beds of the Facility. Except as set forth on Schedule 4.8(b), Transferor has not received written notice of any violations of the LSC, fire, building and other applicable codes, ordinances, current zoning requirements, rules, and regulations that have not been cured or for which Transferor has received a waiver under applicable Law. Schedule 4.8(b) sets forth a complete and accurate list of LSC waivers, decertification proceedings, licensure revocations, and termination and suspension proceedings for the past two (2) years.

(c) Compliance Generally. The Facility has been operated in compliance in all material respects with all applicable Laws, including all Healthcare Requirements, governing the conduct or operation of the Business, and Licenses. Except as set forth on Schedule 4.8(c), Transferor has not received any written notice of any violation of any such Law or License that has not been cured and, to Transferor's Knowledge, no notice of such violation has been threatened, except where any such violation would not have a Material Adverse Effect. There are no outstanding or, to Transferor's Knowledge, threatened or potential Order, subpoena, or investigation from any Governmental Authority, whistleblower suits, or suits brought pursuant to federal or state False Claims Acts or Laws relating to any Governmental Reimbursement Program of or relating to any alleged or actual, violation of any Laws. Except as set forth on Schedule 4.8(c), there have been no written notices of violations of Referral Laws relating to the operation of the Facility, nor to Transferor's Knowledge are there any conditions at the Facility which would reasonably be expected to cause a violation of Referral Laws or analogous state statute. To Transferor's Knowledge, Transferor has not (i) made any contributions, payments or gifts to or for the private use of any governmental official, employee or agent where either the payment or the purpose of such contribution, payment or gift is illegal under the laws of the United States or the jurisdiction in which made, (ii) established or maintained any unrecorded fund or asset for any such purpose or made any false or artificial entries on its books, (iii) given or received any payments or other forms of remuneration in connection with the referral of patients that would violate the Referral Laws or any analogous state statute, or (iv) made any payments to any person with the intention or understanding that any part of such payment was to be used for inducing a referral or any purpose other than that described in the documents supporting the payment. Transferor has instituted, and the Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable Healthcare Requirements.

(d) Convictions; Exclusions. Except as set forth on Schedule 4.8(d), neither Transferor nor any current director, officer, or managing employee, is or has been party to a corporate integrity agreement, corporate compliance agreement, or other settlement agreement with the Office of the Inspector General of the United States Department of Health and Human Services, the CMS, the United States Department of Justice, any Medicaid Fraud Control Unit, or any state Attorney General, as a result of an alleged violation of any Healthcare Requirements (and the Business, Facility, and Assets are in no way subject to or liable with respect to any such corporate integrity agreement, corporate compliance agreement, or other settlement agreement). Neither Transferor nor any current director, officer, or employee of Transferor has been excluded from participating in the Medicare program or any other Government Reimbursement Program. No current officer, director, or managing employee (as that term is defined in 42 U.S.C. § 1320a-5(b)) of Transferor has been (i) excluded from participating in the Medicare program or any

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other applicable Government Reimbursement Program; (ii) subject to sanction pursuant to 42 U.S.C. § 1320a-7a or 1320a-8; or (iii) to Transferor's Knowledge, convicted of, a criminal offense under or in connection with (A) the Referral Laws, (B) any Law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct in connection with the delivery of a health care item or service or with respect to any act or omission in a program operated by or financed in whole or in part by Governmental Authority, (C) any Law relating to the unlawful manufacture, distribution, prescription, or dispensing of a controlled substance, (D) any Law relating to the interference with or obstruction of any investigation into the criminal offenses described herein, or (E) any offense which would permit the exclusion of the Facility from a Government Reimbursement Program.

(e) Audits; Settlements. Transferor has provided to Transferee true and complete copies of all survey reports, notices, and waivers of deficiencies, plans of correction, and any other investigation reports issued with respect to the Facility together with material correspondence with any Governmental Authority issued within three (3) years of the Execution Date concerning the Facility by any Governmental Authority, ZPIC audit, RAC auditor or other contract auditor on behalf of a Governmental Authority, an identification of any material settlement agreements and, to Transferor's Knowledge, any material unresolved matters raised in writing by any such Governmental Authority, RAC auditor or other contract auditor on behalf of a Governmental Authority. Except as set forth on Schedule 4.8(e)-1, (i) Transferor has not had any cited deficiencies on its most recent survey (standard or complaint) that have resulted in a written notice of civil money penalties or a denial of payment for new admissions as of the Closing Date that have not been cured, and (ii) except as set forth on Schedule 4.8(e)-2, Transferor has not had any deficiencies at "level G" or above, or an IJ at Level I or above on its most recent survey (standard or complaint) that have not been cured. Except as set forth in Schedule 4.8(e)-3, the Facility is not currently designated as a Special Focus Facility (as such term is defined by the CMS Special Focus Facility Program), and has not received any written notice of inclusion or intended inclusion as a Special Focus Facility.

4.9 Resident Agreements. A copy of the current standard form of Admission Agreement used by the Facility has been provided to Transferee or otherwise made available to Transferee in the VDR. There are no other agreements with Residents which materially deviate from the standard form.

4.10 Absence of Changes. Except as otherwise disclosed in Schedule 4.10 or the other Schedules, or as contemplated by this OTA, from December 4, 2018, to the Execution Date, (a) the Business has been conducted in all material respects in the ordinary course consistent with past practice, and (b) to Transferor's Knowledge, there has been no change, event, or loss affecting the Business that has had a Material Adverse Effect.

4.11 Inventory. On the Closing Date, Transferor shall maintain its normal inventory of supplies, which will be in sufficient quantities of supplies required by Law in all material respects and consistent with past practices for operation of the Facility.

4.12 Equipment Leases. True and correct copies of all leases of personal property material to the operation of the Facility and in possession of the Transferor (each, an "***Equipment Lease***") have been made available to Transferee or otherwise made available in the VDR. A list of each Equipment Lease is attached hereto as Schedule 4.12.

4.13 Resident Trust Funds. The Resident Trust Funds transferred hereunder are the only such funds required to be held by applicable Law.

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4.14 Environmental Laws. Transferor has not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding the presence or release of any Hazardous Substance at the Facility in violation of any Environmental Law, which Hazardous Substances were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise, handled at, or transported or released from such Facility or regarding compliance with Environmental Laws. Transferor has not received any written notice of any other claim, demand or Action by an individual or entity alleging any actual or threatened injury or damage to any Person or entity, property, natural resource or the environment arising from or relating to the presence or release of any Hazardous Substances at, on, under, in, to or from the Facility in connection with any operations or activities of Transferor thereat.

4.15 Insurance. Transferor has provided to Transferee or otherwise made available in the VDR, a true and correct list of all general liability, professional liability, fire, casualty, fidelity, workers' compensation and other insurance policies currently held by or on behalf of Transferor relating to the Facility, and a description of any self-insurance arrangements by or affecting the Facility, including any reserves established thereunder. Each of said policies is in full force and effect and shall be maintained by Transferor in full force and effect until the Closing, and all premiums due thereunder have been paid and shall be paid by Transferor until the Closing. Transferor has maintained or caused to be maintained insurance policies that have insured the Facility and the Assets continuously since the date Transferor first operated the Facility.

4.16 Broker. Except as set forth on Schedule 4.16, Transferor has not engaged, nor is liable to pay any fees, costs or commissions to, any broker, finder, agent or financial advisor (each, a "***Broker***") in connection with the transactions contemplated hereby.

4.17 Intellectual Property. To Transferor's Knowledge, except as would not reasonably be expected to have a Material Adverse Effect, (a) Transferor owns or possesses all licenses or other rights to use all Intellectual Property necessary to conduct the Business as presently conducted, (b) Transferor has not received any written notice from any third party that the Business as currently conducted misappropriates or infringes upon any Intellectual Property rights of others, and (c) Transferor has not received any written notice that any third party is infringing any Intellectual Property owned by Transferor and used exclusively in connection with the Business.

4.18 NO WARRANTY OF CONDITION. THE ASSETS ARE BEING SOLD, TRANSFERRED, ASSIGNED AND DELIVERED BY TRANSFEROR AND RECEIVED BY TRANSFEREE AS IS WHERE IS, AND WITH ALL FAULTS, AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, WHETHER STATUTORY, ARISING BY OPERATION OF LAW, ARISING BY CUSTOMS OR USAGES OF TRADE, OR OTHERWISE, EXCEPT SOLELY AS EXPRESSLY SET FORTH IN THIS ARTICLE IV TO THIS OTA AND THE OTHER TRANSACTION DOCUMENTS, AND SUBJECT TO ANY AND ALL LIMITATIONS AND QUALIFICATIONS HEREIN; IT BEING THE INTENTION OF TRANSFEROR AND TRANSFEREE TO EXPRESSLY REVOKE, RELEASE, WAIVE, DISCLAIM, NEGATE AND EXCLUDE ALL EXPRESS AND IMPLIED REPRESENTATIONS AND WARRANTIES (EXCEPT SOLELY AS EXPRESSLY SET FORTH IN THIS ARTICLE IV TO THIS OTA AND SUBJECT TO ANY AND ALL LIMITATIONS AND QUALIFICATIONS HEREIN) INCLUDING, WITHOUT LIMITATION, AS TO (a) THE CONDITION OF THE ASSETS OR ANY ASPECT THEREOF INCLUDING, WITHOUT LIMITATION, ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS AND WARRANTIES OF OR RELATED TO MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR PURPOSE OR NON-INFRINGEMENT; (b) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL

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DESIGN, OR ENGINEERING OF THE ASSETS OR ANY OTHER ASSET OR PROPERTY, IF ANY; (c) THE QUALITY OF THE LABOR OR MATERIALS INCLUDED IN THE ASSETS; (d) ANY FEATURES OR CONDITIONS AT OR WHICH AFFECT THE ASSETS WITH RESPECT TO ANY PARTICULAR PURPOSE, USE, POTENTIAL, OR OTHERWISE; (e) THE SIZE, SHAPE, CONFIGURATION, CAPACITY, QUANTITY, QUALITY, CASH FLOW, EXPENSES, VALUE, MAKE, MODEL OR CONDITION OF THE ASSETS; (f) ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE ASSETS; (g) ANY STRUCTURAL OR CONDITION OR HAZARD OR THE ABSENCE THEREOF HERETOFORE, NOW OR HEREAFTER AFFECTING IN ANY MANNER ANY OF THE ASSETS; AND (h) ALL OTHER EXPRESS OR IMPLIED WARRANTIES AND REPRESENTATIONS BY TRANSFEROR WHATSOEVER, EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE IV AND SUBJECT TO ANY AND ALL LIMITATIONS AND QUALIFICATIONS HEREIN. FURTHERMORE, TRANSFEROR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE FUTURE PROFITABILITY, FUTURE CASH FLOW OR VIABILITY OF THE BUSINESS RELATED TO THE ASSETS, ALL OF WHICH TRANSFEREE MUST DETERMINE FROM ITS INVESTIGATION OF THE RECORDS OF TRANSFEROR AND THE FACILITY AND TRANSFEREE'S OWN BUSINESS ACUMEN.

4.19 Disclosure Updates. At any time, and from time to time on or prior to the Closing Date, Transferor may supplement or amend the Schedules and/or information in the VDR (collectively, a "***Disclosure Update***") provided that Transferee may terminate this OTA pursuant to Section 7.1(e) of this OTA if such Disclosure Update has a Material Adverse Effect. The representations, warranties, and Schedules will be deemed supplemented and amended by any Disclosure Update in order to cause the representations and warranties of Transferor to be true as of the Effective Time and the Closing Date and, accordingly, Transferee shall be barred from seeking indemnity with respect to any prior versions of the Schedules and/or VDR.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF TRANSFEREE

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any Schedules that are updated prior to the Closing in accordance with the provisions of this OTA, Transferee represents and warrants to Transferor the following:

5.1 Corporate.

(a) Organization. Transferee is an entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization.

(b) Power and Authority; Authorization; Enforceability. Transferee has all necessary corporate, limited liability company, partnership or similar power and authority to enter into the documents and instruments to be executed and delivered by Transferee pursuant hereto and to carry out the transactions contemplated hereby. The execution and delivery of this OTA and the performance of this OTA by Transferee has been duly and validly authorized. This OTA constitutes the legal, valid and binding obligation of Transferee, enforceable against Transferee in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

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(c) Qualification. Transferee is duly qualified or licensed to do business, and is in good standing, in all jurisdictions (domestic and foreign) in which the character or the location of the assets owned or leased by it or the nature of the business conducted by it requires such licensing or qualification.

(d) No Conflicts or Violations. Neither the execution and delivery of this OTA or the other Transaction Documents, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of the terms hereof by Transferee shall (i) violate or result in a breach of any of the material terms and provisions of, constitute a default under, conflict with, or result in any acceleration of rights, benefits or obligations of any party under any contracts to which Transferee is a party or by which it is bound, (ii) violate any Order of any Governmental Authority applicable to Transferee, (iii) constitute a violation by Transferee of any applicable Law, or (iv) conflict with or violate any organizational document of Transferee.

5.2 Litigation. There are no proceedings, Orders, or determinations by or with any arbitrator, court, or other governmental body, authority or agency, or to Transferee's Knowledge, threatened against or by Transferee or any of its Affiliates that challenge (or could challenge) or seek (or could seek) to prevent, enjoin, or otherwise delay the consummation of the transactions contemplated under this OTA or the execution and delivery of any agreement in connection therewith.

5.3 Broker. Except as set forth in Schedule 5.3, Transferee has not engaged, nor is liable to pay any fees, costs or commissions to any Broker(s) in connection with the transactions contemplated hereby.

5.4 Transferee's Reliance.

(a) Transferee acknowledges that it has been assured by Transferor that Transferee will be permitted full and complete access to the Facility, the Records, equipment, Returns, Contracts, insurance policies (or summaries thereof), and other properties and assets of Transferor concerning the Facility, that it and its representatives have desired or requested to see or review, and that it has been assured by Transferor that Transferee and its representatives will be permitted a full opportunity to meet with the officers, management and employees of Transferor to discuss the Facility. In connection with Transferee's investigation, Transferee may have received from Transferor certain projections, forward-looking statements and other forecasts and certain business plan information. Transferee acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that Transferee is familiar with such uncertainties, that Transferee is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections, forecasts or plans), and that (except in the case of fraud) Transferee shall not have or make any claim against any Person with respect thereto. Accordingly, Transferee acknowledges that Transferor or any other Person have not and do not make any direct or indirect representation or warranty with respect to such forward-looking estimates, projections, forecasts or plans (including the reasonableness of the assumptions underlying such estimates, projections, forecasts or plans).

(b) Transferee acknowledges that Transferor or any other Person have not made any representation or warranty, expressed or implied, as to the accuracy or completeness of any information regarding Transferor, the Assets and the Facility furnished or made available to Transferee and its representatives, except as expressly set forth in Article IV, and Transferor or any other Person (including any officer, director, manager, member or partner of any of Transferor) shall not have or been subject to any liability to Transferee (except in the case of fraud), or any other Person, resulting from Transferee's use of any information, documents or material made available to Transferee in any confidential information

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memoranda, "data rooms," management presentations, due diligence or in any other form in expectation of the transactions contemplated hereby. Transferee acknowledges that except as expressly set forth in Article IV, the Facility and the Assets have been acquired without any representation or warranty as to merchantability or fitness for any particular purpose of their respective assets, in an "as is" condition and on a "where is" basis. For the avoidance of doubt, nothing in this Section 5.4 is intended to limit or modify the representations and warranties contained in this Article V. Transferee acknowledges that, except for the representations and warranties contained in Article IV, neither Transferor nor any other Person has made any other express or implied representation or warranty by or on behalf of Transferor.

5.5 Compliance Program. Transferee has made available to Transferor a copy of the current compliance program materials of Transferee. For purposes of this OTA, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the United States Department of Health and Human Services.

ARTICLE VI
COVENANTS AND AGREEMENTS

6.1 Conduct of Business. From and after the date hereof and pending the Closing, unless Transferee shall otherwise consent in writing, from and after the date hereof until the earlier of the termination of this OTA or the Closing, Transferor shall (a) operate its applicable Assets and Facility only in the ordinary and usual course of business diligently and in good faith, consistent with past practice; (b) replace inventory, supplies and equipment consistent with past practice; (c) use its commercially reasonable efforts to maintain the quality of care to the Residents; (d) notify Transferee if Transferor becomes aware of any violation or non-compliance with any Law, except where any such violation or non-compliance would not reasonably be expected to result in a Material Adverse Effect; and (e) actively market the Facility in a manner consistent with past practice.

6.2 Reserved.

6.3 Reserved.

6.4 Access. As of the Execution Date, Transferor shall provide Transferee and its employees, accountants, consultants, legal counsel, agents and other authorized representatives, during regular business hours and upon reasonable notice, reasonable access to the Facility, and all other properties, contracts, commitments, and Records of Transferor that relate to the Facility as Transferee may reasonably request for the purpose of transferring the Assets and Facility, and facilitating the smooth transition of operations, and Transferor shall promptly furnish Transferee such information as Transferee may from time to time reasonably require with respect to the Assets and/or the Facility. Transferor shall cause the officers and employees of such Transferor to take commercially reasonable steps to assist Transferee (at Transferee's expense) in preparing to transfer the Assets and shall cause the counsel, accountants, consultants, and other non-employee representatives of Transferor to be reasonably available to Transferee for such purposes. Transferor shall, upon written request by Transferee and reasonable notice, (i) permit Transferee to conduct on-site visits of Transferor's properties and the Assets that comprise the Facility; and (ii) assist Transferee in contacting and arranging meetings with such suppliers of Transferor as consented to by Transferor. Notwithstanding anything herein to the contrary, immediately following the Execution Date, Transferor shall, at Transferee's expense, permit the transfer of the Facility's electronic resident medical records data pursuant to Section 6.15.

6.5 Reserved.

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6.6 Disclosure.

(a) Except as may be necessary to enforce this OTA, or to comply with applicable Laws including securities Laws or bankruptcy laws, for three (3) years after the Closing, Transferor shall (i) treat and hold as confidential any proprietary and confidential information of Transferee related to the Assets or the Assumed Liabilities related to the Facility (collectively, "***Confidential Information***"), and (ii) refrain from using any of the Confidential Information except in connection with this OTA. The term "Confidential Information" shall not include information that is or becomes generally available to the public by actions of Persons other than Transferor or that pertains to any of the Excluded Assets or the Retained Liabilities. If Transferor is required to disclose any Confidential Information in order to comply with, or avoid violating, any applicable Law, Transferor will use commercially reasonable efforts to provide Transferee with prompt notice thereof to the extent legally permissible. To the extent legally permissible and at Transferee's sole expense, Transferor shall provide Transferee, in advance of any such disclosure, with copies of any Confidential Information that Transferor intends to disclose (and, if applicable, the text of the disclosure language itself) and shall reasonably cooperate with Transferee, at Transferee's sole expense, if permitted by applicable Law, to the extent Transferee may reasonably seek to limit such disclosure in a manner consistent with applicable Law.

(b) Except as may be necessary to enforce this OTA or any other Transaction Document, for three (3) years after the Closing, Transferee shall (i) treat and hold as confidential any proprietary and confidential information of Transferor or any of its Affiliates that does not relate to the Assets or the Assumed Liabilities related to the Facility, including any proprietary and confidential information relating to any of the Excluded Assets or the Retained Liabilities (collectively, "***Transferor Confidential Information***"), and (ii) refrain from using any Transferor Confidential Information except in connection with this OTA. The term "Transferor Confidential Information" shall not include information that is or becomes generally available to the public by actions of Persons other than Transferee or any of its Affiliates. If Transferee is required to disclose any Transferor Confidential Information in order to avoid violating any applicable Law, Transferee will use commercially reasonable efforts to provide Transferor with prompt notice thereof to the extent legally permissible. To the extent legally permissible and at Transferor's sole expense, Transferee shall provide Transferor, in advance of any such disclosure, with copies of any Transferor Confidential Information that Transferee intends to disclose (and, if applicable, the text of the disclosure language itself) and shall reasonably cooperate with Transferor, at Transferor's sole expense, if permitted by applicable Law, to the extent Transferor may reasonably seek to limit such disclosure in a manner consistent with applicable Law.

6.7 Appropriate Action; Consents; Filings. From and after the Execution Date, each of the Parties shall use its commercially reasonable efforts to obtain from any Governmental Entities or third parties any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained, or made, by such Party in connection with the authorization, execution and delivery of this OTA and the consummation of the transactions contemplated hereby and shall provide such notices, and Transferee shall post such escrows, as required by the applicable Governmental Entities and Laws, and each Party shall comply with any written agreements with third parties to consummate the transaction. The Parties shall cooperate with each other in connection with the making of all such filings, including the timing of such filings and providing copies of all such documents to the non-filing Parties and their advisors prior to filing and, if requested, to accept all reasonable additions, deletions or changes to such filings suggested in connection therewith.

6.8 Access to Records and Equipment. From and after the Closing Date, Transferee shall allow Transferor and its Affiliates, agents and representatives to have reasonable access to (upon reasonable

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notice and during normal business hours), and to make copies of the Records (at Transferor's expense), to the extent reasonably necessary to enable Transferor to, among other things, investigate and defend malpractice, employee or other claims, to support medical review requests from Medicare or Medicaid, to support Medicare and Medicaid claims appeals, to file or defend Cost Reports and Returns, to complete/revise, as needed, any patient assessments which may be required for Transferor to seek reimbursement for services rendered prior to the Closing Date and to enable Transferor to complete, in accordance with Transferor's policies and procedures, any and all post-Closing Date accounting, reconciliation and closing procedures including, but not limited to, a month end close out of all accounts including, but not limited to, accounts payable and Medicare and Medicaid billing. Transferor agrees not to use or disclose any of the information obtained from Transferee except solely for the purposes described herein, and further agrees to maintain this information as confidential. In addition, for a period of ten (10) Business Days from and after the Closing Date during normal business hours and with at least one (1) Business Days' notice, Transferor shall have reasonable access to the Facility (including resident rooms, offices, and conference rooms) to collect technology hardware and other Excluded Assets. From and after the Closing Date, Transferor shall allow Transferee and its agents reasonable access to the Records including, without limitation, the Prior Records, to the extent Transferee reasonably requires such access in connection with, without limitation, accounting, billing, Tax filings or securities filings, Medicare and/or Medicaid filings and appeals. Transferor shall use its commercially reasonable efforts to provide such items which require expedited handling to Transferee within ten (10) Business Days of Transferee's request. Transferee agrees not to use or disclose any of the information obtained from Transferor except solely for the purposes described herein, and further agrees to maintain this information as confidential. Transferee shall assure that any successor operator of the Facility is legally obligated to provide Transferor access to the Records in the manner required by this Section 6.8.Notwithstanding anything to the contrary herein, neither Transferor nor any of its agents or representatives shall have access to any employees of the Facility following the Closing for confidential communications regarding matters in dispute between Transferor (or any of its Affiliates) on the one hand and Transferee (or any of its Affiliates) on the other.

6.9 Further Assurances. From time to time after the Closing, Transferor shall, at the reasonable request of Transferee and at Transferee's expense but without further consideration, execute and deliver any further deeds, bills of sale, endorsements, assignments, and other instruments of conveyance and transfer, and take such other actions as Transferee may reasonably request and consistent with this OTA in order to (a) more effectively transfer, convey, assign and deliver to Transferee, and to place Transferee in actual possession and operating control of, and to vest, perfect or confirm, of record or otherwise, in Transferee all right, title and interest in, to and under the Assets and/or the Facility, (b) assist in the collection or reduction to possession of any and all of the Assets and/or the Facility or to enable Transferee to exercise and enjoy all rights and benefits with respect thereto, (c) with respect to any payor agreement that is non-transferrable, reasonably cooperate with Transferee to assist Transferee in securing a new agreement, or (d) otherwise carry out the intents and purposes of this OTA. In the case of rights (including, without limitation, under any Contract) which cannot be transferred effectively without the consent of third parties, Transferor shall use its commercially reasonable efforts (within commercially reasonable limits) to obtain such consent and to assure to Transferee the benefits thereof during the terms thereof.

6.10 No Negotiation. Until such time as this OTA may be terminated pursuant to Article IX, neither Transferor nor any of its Affiliates shall directly or indirectly solicit, initiate, encourage or entertain any inquiries or proposals from, or discuss or negotiate with any Person other than Transferee or its representatives relating to an acquisition or other disposition of any material Assets of the Facility or any other asset which is required by the OTA to be transferred to Transferee at Closing. Notwithstanding the

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foregoing, Transferor shall not be in any way limited from initiating or participating in discussions concerning any transactions involving the Excluded Assets.

6.11 Accounts Receivable.

(a) Accounts Receivable. Transferor shall retain whatever right, title and interest it may have in and to all outstanding Accounts Receivable with respect to the Facility which relate to periods ending on or before the Effective Time, including any Accounts Receivable arising from rate adjustments which relate to a period ending on or before the Effective Time even if such adjustments occur after the Effective Time, and including any Medicaid lag payments (collectively, "***Transferor's A/R***"). Transferor acknowledges that Transferee owns all Accounts Receivable arising from services provided by or at the Facility after the Effective Time ("***Transferee's A/R***").

(b) Receipts by Transferee. In furtherance and not in limitation of the requirements set forth in this Section, payments received by Transferee after the Effective Time from third party payors including, but not limited to, Medicare, Medicaid, VA, managed care and health insurance, shall be handled as follows:

(i) If such payments either specifically indicate on the accompanying remittance advice, or if Transferor and Transferee agree that such payments relate to the period ending before the Effective Time, they shall be forwarded by Transferee to Transferor, along with the applicable remittance advice, within thirty (30) days after receipt thereof; and

(ii) If such payments indicate on the accompanying remittance advice, or if Transferor and Transferee agree that such payments relate to the period after the Effective Time, they shall be retained by Transferee.

(c) Receipts by Transferor. Payments received by Transferor after the Effective Time from third party payors including, but not limited to, Medicare, Medicaid, VA, managed care and health insurance, shall be handled as follows:

(i) If such payments either specifically indicate on the accompanying remittance advice, or if Transferor and Transferee agree that such payments relate to the period after the Effective Time, they shall be forwarded by Transferor to Transferee, along with the applicable remittance advice, within thirty (30) days after receipt thereof; and

(ii) If such payments indicate on the accompanying remittance advice, or if Transferor and Transferee agree that they relate to the period ending before the Effective Time, they shall be retained by Transferor.

(d) Other Receipts. If the remittance advice indicates or the Parties agree that any payment relates to periods both prior to or on and after the Effective Time, the Party receiving the payment shall forward the amount relating to the other Party's operation of the Business, along with the applicable remittance advice, within thirty (30) days after receipt thereof. If the remittance advice does not indicate the period to which a payment relates or whether it is for Transferor or Transferee, or if there is no accompanying remittance advice, or the payment is not otherwise identifiable using commercially reasonable efforts, and if the Parties do not otherwise agree as to how to apply such payment, then 100% of such payments received within the first one hundred twenty (120) days after the Effective Time shall be deemed to have been collected in respect of Transferor's A/R due from the payee in respect of services

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provided prior to the Effective Time. All such payments received in excess of the amount of Transferor's A/R due from said payee and all such payments received one hundred twenty (120) days after the Effective Time shall be deemed to have been collected in respect of Transferee's A/R from said payee. All such payments received by Transferee but which are deemed to be due Transferor under this Section 6.11 shall be forwarded by Transferee to Transferor within thirty (30) days after receipt thereof, and all such payments received by Transferor but which are deemed to be due Transferee under this Section 6.11 shall be forwarded by Transferor to Transferee within thirty (30) days after receipt thereof. All such payments received by Transferor which are deemed to have been collected in respect to Transferor's A/R shall be retained by Transferor and all such payments received by Transferee which are deemed to have been collected in respect to Transferee's A/R shall be retained by Transferee. Transferee shall pay to Transferor any and all reimbursements including retroactive rate adjustments, appeal settlements and/or Cost Report settlements for all Cost Report periods with fiscal years ended prior to the Effective Time that it receives after the Effective Time.

(e) Medicaid Applications. In connection with Transferor's attempts to collect Medicaid funds for services rendered to those Residents with pending Medicaid applications (collectively, the "***Pending Medicaid Applicants***"), each set out on Schedule 6.11(e), (i) Transferee shall provide Transferor with a written monthly progress report on the Medicaid application status of each Pending Medicaid Applicant until such time as all Pending Medicaid Applicants have been approved or denied by Medicaid, and (ii) if Transferee receives any notice or correspondence regarding such applications, Transferee shall provide such notice or correspondence to Transferor within fifteen (15) Business Days following receipt. Transferee shall cooperate with and provide Transferor with such documents and information as Transferor shall reasonably request to enable Transferor to contest any denial or negative determinations by Medicaid with respect to the Pending Medicaid Applicants.

(f) Accounting for Accounts Receivable.

(i) Attached hereto as Schedule 6.11(f)(i) is a schedule of Transferor's A/R listing by Resident the amount due as of five (5) days prior to Closing. As soon as reasonably possible but not later than fifteen (15) Business Days after the Closing Date, Transferor shall provide Transferee with a schedule of Transferor's A/R listing by Resident the amounts due as of the Effective Time.

(ii) For a period of nine (9) months following the Effective Time or until Transferor receives payment of all Accounts Receivable attributable to the operation of the Facility on or before the Effective Time, whichever is sooner, Transferee shall provide Transferor (no less frequently than monthly) with (A) an accounting setting forth all amounts received by Transferee during the preceding month with respect to Transferee's A/R and Transferor's A/R, and (B) copies of all remittance advices relating to such amounts received and any other reasonable supporting documentation as may be required for Transferor to determine that Transferee's A/R and Transferor's A/R have been paid. If requested, Transferee shall initially deliver such accounting to the persons and email addresses designated by Transferor on Exhibit 6.11(f)(ii).

(iii) For a period of nine (9) months following the Effective Time or until Transferor receives payment of all Accounts Receivable attributed to the operation of the Facility prior to the Closing Date, whichever is sooner, Transferor shall provide Transferee (no less frequently than monthly) with (A) an accounting setting forth all amounts received by Transferor with respect to Transferee's A/R and Transferor's A/R, and (B) copies of all remittance advices relating to such amounts received and any other reasonable supporting documentation as may be required for Transferee to determine Transferee's A/R and Transferor's A/R that have been paid. If requested, Transferor shall

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initially deliver such accounting to the persons and email addresses designated by Transferee on Exhibit 6.11(f)(iii).

(iv) On two (2) occasions during the period of nine (9) months following the Effective Time, Transferor and Transferee shall, upon reasonable notice and during normal business hours, have the right to inspect all cash receipts of the other Party in order to confirm the other Party's compliance with the obligations imposed on it under Sections 6.11 and 6.12. Notwithstanding the foregoing, if such information can be transmitted through electronic mail, then Transferor and Transferee may satisfy their obligations under this Section 6.11 in that manner.

(v) To enable Transferor to close its books with respect to the period ending on the Closing Date, Transferee will permit appropriate personnel of Transferor reasonable access to the Facility, with reasonable advance notice and in a manner that does not materially interfere with the operation of the Facility, for a period of no more than six (6) months after the Closing Date. During that period, Transferee will permit individuals employed by SCC or its Affiliate immediately before the Closing Date to provide reasonably necessary assistance to SCC in its closing of the books.

(vi) Any amounts to be paid by one Party to the other Party under this Article VI shall be made by electronic transfer using the wire instructions set forth on Exhibit 6.11(f)(vi).

(g) Transferor Collection Activities. After the Closing Date, SCC and Transferor shall have the right, and any agent or representative retained by the foregoing shall have the right on behalf of SCC and Transferor, to engage in any commercially reasonable collection activities with respect to any unpaid Transferor's A/R, including private pay amounts.

(h) Delivery of Mail. To the extent that Transferee or any of its Affiliates receives any mail or packages addressed to SCC, Transferor or any of their Affiliates not relating to the Assets or the Assumed Liabilities, Transferee shall promptly deliver such mail or packages to Transferor. After the Closing Date, Transferee shall deliver to Transferor any checks or drafts made payable to Transferor or its Affiliates that constitutes an Asset, and Transferor shall promptly deposit or cause to be deposited such checks or drafts and, upon receipt of funds, reimburse Transferee within ten (10) Business Days for the amounts of all such checks or drafts, or, if so requested by Transferee, endorse such checks or drafts to Transferee for collection. To the extent Transferor or its Affiliates receives any mail or packages addressed to Transferor or its Affiliates but relating to the Assets or the Assumed Liabilities relating to the Facility, Transferor shall promptly deliver such mail or packages to Transferee. After the Closing Date, to the extent that Transferee receives any cash or checks or drafts made payable to Transferee that constitutes an Excluded Asset, Transferee shall promptly use such cash to, or deposit such checks or drafts and upon receipt of funds from such checks or drafts, reimburse Transferor within ten (10) Business Days for such amount received, or, if so requested by Transferor, endorse such checks or drafts to Transferor for collection. The Parties may not assert any set off, hold back, escrow or other restriction against any payment described in this Section 6.11(h).

6.12 Cost Reports.

(a) Transferor shall prepare and file with its fiscal intermediary the final Medicare Cost Reports covering its operation of the Business through the Effective Time as soon as reasonably practicable after the Effective Time, but in no event later than the date on which such final Cost Report is required to be filed by applicable Law under the terms of the Medicare program, and will provide the fiscal intermediary or CMS with any information needed to support claims for reimbursement made by

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Transferor either in said final Cost Report or in any Cost Reports filed for prior Cost Report periods. Simultaneously with such filing, Transferor shall provide Transferee with a copy of the final Medicare Cost Reports and such supporting documentation reasonably requested by Transferee in writing.

(b) Transferor and Transferee shall comply with all patient identity and information protection Laws in providing information under this Section 6.12.

6.13 Assistance in Proceedings. Transferee shall, at Transferor's expense, cooperate with Transferor and its counsel in the contest or defense of, and make available its personnel and provide any testimony and access to its Records in connection with, any proceeding involving or relating to (a) any contemplated transaction herein, or (b) any action, activity, circumstance, condition, conduct, event, fact, failure to act, incident, occurrence, plan, practice, situation, status or transaction on or before the Closing Date involving Transferor, the Facility or its Business; provided, that the foregoing shall not apply to any disputes or proceedings between Transferee or any of its Affiliates on the one hand and Transferor or any of its Affiliates on the other.

6.14 Overhead and Shared Services; National Contracts. Transferee acknowledges that the Facility currently benefits from the National Contracts and receives Overhead and Shared Services from Transferor and its Affiliates. Transferee further acknowledges that, as it relates to the operation of the Facility, all such benefits from the National Contracts and provision of Overhead and Shared Services shall cease, and any agreement by the Facility with Transferor or any of its Affiliates in respect to benefiting from the National Contracts or the provision of Overhead and Shared Services shall terminate, as of the Closing Date for the Facility. No Overhead and Shared Services shall be provided by Transferor or any of its Affiliates to the Facility after the Effective Time.

6.15 Information Systems, Records in Electronic Form, Software and Data.

(a) Transferor shall use reasonable efforts to permit transfer of current data for use in Transferee's computer applications. Transferor further agrees that in order to assist Transferee in ensuring the continued operation of the Facility on and after the Closing Date in compliance with applicable Law and in a manner which does not jeopardize the health and welfare of the Residents of the Facility, Transferor shall, immediately following the Execution Date, permit the transfer of the Facility's electronic resident medical records data (including Minimum Data Set history) set forth on Schedule 6.15(a) (the "***Transferred Records***"), for use in Transferee's computer applications either by (i) Transferor's printing and delivery of hard copies of the Transferred Records to Transferee immediately following the Execution Date or (ii) Transferor permitting Transferee and its employees and representatives to access the Facility during regular business hours and upon reasonable notice immediately following the Execution Date and permitting Transferee to print or use the Facility's IT assets to transfer the Transferred Records to Transferee systems. Notwithstanding the forgoing, items ~~[~~8 and 9~~]~~ on Schedule 6.15(a) may be provided by Transferor in electronic form.

(b) At least thirty (30) days prior to the Closing Date, Transferor shall provide Transferee and its representatives with reasonable access to the Facility so that Transferee can install lines necessary for computer hardware, together with servers, computer hardware and software. In addition, Transferor shall cooperate with Transferee and provide Transferee with such assistance as Transferee may reasonably request in order to provide for an orderly, efficient and safe transition of the operations from Transferor to Transferee and the continued operation of the Facility on and after the Closing Date in compliance with applicable Law and in a manner which does not jeopardize the health and welfare of the Residents of the Facility. During such time as Transferor provides Transferee with reasonable access to the

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Facility under this Section 6.15(b), if any, Transferee shall not connect with or hook into Transferor's computer lines or computers (except as permitted by Section 6.15(a)). Such access shall be prescheduled with Transferor and shall not interrupt normal business operation. Transferee shall indemnify Transferor for any damage resulting from such access or installation of the lines caused by Transferee or its representatives. If, for any reason, this OTA terminates prior to the Closing Date, Transferor shall remove any lines installed, at Transferee's cost and expense, and Transferee shall remit payment to Transferor within five (5) days of receiving an invoice for such costs and expenses of removal. If Transferee uses its best efforts to implement telephone and internet services in the Facility on the Closing Date but is unable to do so as a result of delays or other problems with a service provider, Transferor shall negotiate with Transferee in good faith to extend the current telephone and internet services to Transferee at a rate of three hundred fifty dollars ($350.00) per day. Any such arrangement shall be documented by the Parties in a Transition Services Agreement, which will, if required, be agreed to by both Parties.

6.16 HIPAA Compliance. Transferor and Transferee acknowledge and agree that to the extent protected health information (as defined at 45 C.F.R. 160.103) is disclosed by Transferor to Transferee as part of Transferor's obligations set forth in this Agreement, Transferee agrees to use, disclose, and safeguard such protected health information in accordance with HIPAA. Further, to the extent that Transferee receives any protected health information hereunder in the role of a "business associate" (as defined at 45 C.F.R. 160.103) of Transferor, the Business Associate Agreement terms set forth on Exhibit 6.16 shall apply.

ARTICLE VII
CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PARTIES

7.1 Conditions to Obligations of Transferee. The obligations of Transferee hereunder are subject to the fulfillment of all of the following conditions precedent unless such fulfillment is waived in writing by Transferee, subject to the limitations contained herein, as the case may be:

(a) Representations and Warranties. The representations and warranties of Transferor set forth in Article IV shall be true and correct in all material respects (or, with respect to any representation qualified as to materiality, true and correct) on and as of the Closing Date as if made on and as of the Closing Date, except to the extent (i) any such representation or warranty expressly is made as of an earlier date or with respect to a particular period, in which case such representation or warranty shall have been true and correct in all material respects (or, with respect to any representation qualified as to materiality, true and correct) as of such date or with respect to such period, and (ii) a breach of any such representations and warranties would not reasonably result in a Material Adverse Effect.

(b) No Litigation. Without limiting the generality of any representation, no injunction, temporary restraining order, judgment or other order of any court or governmental agency or instrumentality shall have issued or have been entered which would be violated by the consummation of the transactions contemplated hereby; and no suit, Action or other proceeding brought by the United States, the State of Texas or any political subdivision, which the Facility is located or any agency or instrumentality thereof shall be pending in which it is sought to restrain or prohibit this OTA or the consummation of the transactions contemplated hereby.

(c) Compliance with Covenants. Transferor shall have performed and complied, in all material respects, with all terms, agreements, covenants and conditions of this OTA to be performed or complied with by it at or prior to the Closing, except to the extent a breach of any such terms, agreements, covenants and conditions would not reasonably result in a Material Adverse Effect

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(d) Authorization. Transferor shall have received all consents, orders and approvals of the Bankruptcy Court, including certified copies of the Sale Order and the Designated Contracts Order, and (i) such orders shall be final and non-appealable, (ii) no order staying, reversing, modifying or amending such orders shall be in effect on the Closing Date, (iii) the Sale Order shall not be subject to any challenge of Transferor's good faith under Section 363(m) of the Bankruptcy Code and (iv) the Sale Order shall be in a form reasonably acceptable to Transferee.

(e) No Material Adverse Effect. Since the date of execution of this OTA, there shall have been no Material Adverse Effect.

(f) Termination of Management Agreements. Any management agreements between Transferor and SCC and/or its Affiliates shall have been terminated and any existing leases related to the Facility between Transferor and SCC and/or its Affiliates shall have been terminated or otherwise rejected pursuant to the Bankruptcy Code.

(g) New License. Transferee shall have received the New License as of the Closing Date (or shall have obtained reasonable assurances from the Department that the New License has been or will be issued by the Department effective as of the Effective Time or promptly thereafter).

(h) Closing Certificate. Transferor shall have delivered to Transferee a certificate of a duly authorized officer of Transferor dated as of the Closing Date stating that the conditions specified in Sections 7.1(a) and 7.1(c) have been satisfied.

(i) Assignment and Assumption Agreement. Transferor shall have executed and delivered any Assignment and Assumption Agreements related to the Facility.

(j) Resident Trust Funds. Transferor shall have delivered any and all assignment and assumptions of Resident Trust Funds.

(k) PSA. Seller and Buyer shall have closed upon the transactions contemplated by the PSA.

(l) Compromise and Settlement Agreement. Landlord, on the one hand, and SCC and Transferor, on the other hand, shall have executed and delivered pursuant to a 9019 Order a Compromise and Settlement Agreement with respect to the obligations relating to the operation of the Facility prior to the Closing Date in substantially the form set forth on Exhibit 7.1(l) (the "***Compromise and Settlement Agreement***") and Love Funding Corporation (as such term is defined in the Compromise and Settlement Agreement) shall deliver to SCC and Transferor written confirmation that the conditions set forth in Section 10 of the Compromise and Settlement Agreement have been satisfied and Love Funding Corporation consents to both the Compromise and Settlement Agreement and this Agreement.

(m) HUD and Love Funding Approvals. The parties shall have received all consents, orders and approvals of the U.S. Department of Housing and Urban Development and/or Love Funding required in order for Transferee to assume the HUD Loan (as defined in the PSA).

(n) Right of Possession. Transferee shall have obtained the right to take physical possession of the Facility. Transferor shall have delivered to Buyer or Transferee all keys and combinations for all locks at the Facility.

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(o) Required Consents. All authorizations, consents, approvals and waivers from third parties set forth on Exhibit 7.1(o) shall have been obtained by Transferee (which Exhibit shall be mutually agreed upon by the Parties prior to the expiration of the Due Diligence Review Period (as such term is defined in the PSA)).

7.2 Conditions to Obligations of Transferor. The obligations of Transferor hereunder are subject to the fulfillment of all of the following conditions precedent unless such fulfillment is waived in writing by Transferor, subject to the limitations contained herein, as the case may be:

(a) Representations and Warranties. The representations and warranties of Transferee set forth in Article V shall be true and correct in all material respects (or, with respect to any representation qualified as to materiality, true and correct) on and as of the Closing Date as if made on and as of the Closing Date, except to the extent any such representation or warranty expressly is made as of an earlier date or with respect to a particular period, in which case such representation or warranty shall have been true and correct in all material respects (or, with respect to any representation qualified as to materiality, true and correct) as of such date or with respect to such period.

(b) No Litigation. Without limiting the generality of any representation, no injunction, temporary restraining order, judgment or other order of any court or governmental agency or instrumentality shall have issued or have been entered which would be violated by the consummation of the transactions contemplated hereby; and no suit, Action or other proceeding brought by the United States, the State of Texas, any political subdivision, which the Facility is located or any agency or instrumentality thereof shall be pending in which it is sought to restrain or prohibit this OTA or the consummation of the transactions contemplated hereby.

(c) Compliance with Covenants. Transferee shall have performed and complied, in all material respects, with all terms, agreements, covenants and conditions of this OTA to be performed or complied with by it at or prior to the Closing.

(d) Authorization. Transferee shall have approved and authorized the transactions contemplated by this OTA.

(e) No Material Adverse Effect. Since the date of execution of this OTA, there shall have occurred, no event, circumstance or other change in Transferee or its assets that, alone or in the aggregate, has had or, reasonably could be expected to have, a Material Adverse Effect with regard to Transferee.

(f) New License. Transferee shall have received the New License as of the Closing Date (or shall have obtained reasonable assurances from the Department that the New License has been or will be issued by the Department effective as of the Effective Time or promptly thereafter).

(g) Bankruptcy Court Order; Consents. The receipt of all consents, orders and approvals of the Bankruptcy Court, including certified copies of the Sale Order and the Designated Contracts Order, and (i) such orders shall be final and non-appealable, (ii) no order staying, reversing, modifying or amending such orders shall be in effect on the Closing Date, (iii) the Sale Order shall not be subject to any challenge of Transferor's good faith under Section 363(m) of the Bankruptcy Code and (iv) the Sale Order shall be in a form reasonably acceptable to Transferor.

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(h) Compromise and Settlement Agreement. Landlord and its applicable Affiliates, on the one hand, and SCC and Transferor, on the other hand, shall have executed and delivered the Compromise and Settlement Agreement pursuant to the terms of 9019 Order.

(h) Closing Certificate. Transferee shall have delivered to Transferor a certificate of a duly authorized officer of Transferee dated as of the Closing Date stating that the conditions specified in Sections 7.2(a) and 7.2(c) have been satisfied.

(i) Good Standing Certificate. Transferee shall have delivered to Transferor a certificate of the Secretary of State of the state of formation of Transferee as of a recent date as to the legal existence and good standing of Transferee.

(j) Assignment and Assumption Agreement. Transferee shall have executed and delivered any Assignment and Assumption Agreements related to the Facility.

(k) PSA. Seller and Buyer shall have closed upon the transactions contemplated by the PSA.

(l) HUD and Love Funding Approvals. The parties shall have received all consents, orders and approvals of the U.S. Department of Housing and Urban Development and/or Love Funding required in order for Transferee to assume the HUD Loan (as defined in the PSA).

(m) Confirmations by Transferee. Transferee shall have confirmed in writing to Transferor that (i) Transferee has all of the necessary equipment (including telecommunications equipment) to safely assume operation of the Facility, and (ii) Transferee has implemented all systems necessary to manage patient records.

ARTICLE VIII
BANKRUPTCY MATTERS

8.1 Reserved.

8.2 Non-Assignment of Contracts. Notwithstanding anything contained herein to the contrary, this OTA shall not constitute an agreement to assign any Designated Contract if, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of any other party thereto, would constitute a breach thereof or in any way negatively affect the rights of Transferor or Transferee, as the assignee of such Designated Contract, as the case may be, thereunder.

ARTICLE IX
TERMINATION

9.1 Termination. This OTA may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) by either Transferor or Transferee if the Closing has not occurred by the Outside Date;

(b) by the mutual written consent of Transferor Representative and Transferee;

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(c) by Transferee, by reason of the breach, inaccuracy or non-fulfillment of any representation, covenant, obligation or agreement by Transferor under this OTA that (i) has a Material Adverse Effect, and (ii) is incapable of being cured prior to the Outside Date, or has not been cured by Transferor within ninety (90) days after written notice thereof from Transferee; or

(d) by Transferor, by reason of the breach, inaccuracy or non-fulfillment of any representation, covenant, obligation or agreement by Transferee under this OTA that (i) is incapable of being cured prior to the Outside Date, or (ii) has not been cured by Transferee within ninety (90) days after written notice thereof from Transferor, except in the case of a breach of the covenants set forth in Section 2.2(a), in which case Transferee shall have five (5) days after written notice thereof from Transferor to file for the applicable New Licenses and/or to notify Transferor that the necessary filings have been made in accordance with Section 2.2(a).

9.2 Procedure and Effect of Termination. In the event of termination of this OTA pursuant to this Article IX, the terminating Party shall give written notice thereof to the other Parties and this OTA shall terminate, and the transactions contemplated hereby shall be abandoned, without further action by any of the Parties.

ARTICLE X
SURVIVAL AND REMEDIES

10.1 Survival and Remedies. Except with respect to claims for intentional misrepresentation, the representations and warranties of Parties set forth herein shall not survive the Closing. From and after the Closing, the Parties hereto shall have no liability with respect to any inaccuracy or breach of any of the representations or warranties contained in this OTA and such representation and warranties shall terminate as of Closing. With the exception of claims for intentional misrepresentation, the sole remedy for the breach of any representations and warranties and covenants in this OTA shall be the termination of this OTA provided that a Party may seek enforcement of this OTA by means of specific performance in the event of a breach of the covenants contained in Sections 2.3, 2.5(a), 6.8, 6.11, 6.12 and 6.15. As used herein, "intentional misrepresentation" means, with respect to a Party, an actual and intentional misrepresentation with respect to the making of the express representations and warranties of such Party pursuant to this OTA (as applicable), provided, that such actual and intentional misrepresentation of such Party shall only be deemed to exist if any of the individuals for whom knowledge of a Transferor or Transferee, as the case may be, had actual knowledge (as opposed to imputed or constructive knowledge) that the express representations and warranties made by such Transferor or Transferee, as the case may be, were actually breached when made, with the express intention that the other party rely on the same. In the event of a claim by Transferee for intentional misrepresentation or a breach of Section 3.4(f) hereof by Transferor, the Indemnity Escrow Amount (as defined below) shall be the sole and exclusive source of satisfaction of any claim by Transferee for intentional misrepresentation by Transferor and/or breach of Section 3.4(f). At the Closing, Transferor shall deliver to the escrow agent, by wire transfer of immediately available funds that amount set aside for indemnification claims pursuant to the terms of the 9019 Order, a portion of which shall be allocated to Transferee for claims pursuant to the terms of this OTA, which amount and allocation shall be set forth in the Indemnity Escrow Agreement (such portion, the "***Indemnity Escrow Amount***"), which Indemnity Escrow Amount shall be held in escrow by the escrow agent in accordance with the terms of the Indemnity Escrow Agreement.

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ARTICLE XI
ASSIGNMENT

11.1 Assignment. Neither this OTA, nor any rights, interests or obligations hereunder, may be assigned or transferred, in whole or in part, by operation of law or otherwise by Transferor or Transferee without the prior written consent of the other Party which shall not be unreasonably withheld, conditioned or delayed, and any such assignment that is not consented to shall be null and void. Notwithstanding the foregoing, upon prior written notice to Transferor Representative, Transferee may assign all, but not less than all, of its rights, duties and obligations under this OTA to either (a) a wholly-owned subsidiary of Transferee, or (b) a hospital partner to qualify for the QIPP Program, provided that no such assignment shall relieve Transferee from its obligations under this OTA.

ARTICLE XII
MISCELLANEOUS

12.1 Disclosure Schedules. The information contained in the Disclosure Schedules shall be deemed to qualify the specific Section (or subsection, as appropriate) of this OTA to which it corresponds, and shall be cumulative so that if the existence of the fact or item or its contents disclosed in any particular schedule is relevant to any other schedule, then such fact or item shall be deemed to be disclosed with respect to the other schedule to the extent such relevance is reasonably apparent whether or not a specific cross-reference appears. The headings contained in the Disclosure Schedules are included for convenience only, and are not intended to limit the effect of the disclosures contained in such schedule or to expand the scope of the information required to be disclosed in such schedule. Descriptions of documents in the Disclosure Schedules are summaries only and are qualified in their entirety by the specific terms of such documents. Matters reflected in the Disclosure Schedules are not necessarily limited to matters required by this OTA to be reflected herein; additional matters are set forth for informational purposes and the fact that any item of information is disclosed in the Disclosure Schedules shall not be construed to mean that such information is required to be disclosed by this OTA. Any information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the term "material" or other similar terms in this OTA or constitute an admission that such items are required to be disclosed under this OTA.

12.2 Payment of Expenses. Except as otherwise provided in this OTA, each of the Parties shall bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this OTA. Subject to the foregoing, no expenses of Transferor relating in any way to the purchase and sale of the Assets hereunder and the transactions contemplated hereby, including legal, accounting or other professional expenses of Transferor shall be charged to or paid by Transferee or included in any of the Assumed Liabilities. No expenses of Transferee relating in any way to the purchase and sale of the Assets hereunder and the transactions contemplated hereby, including legal, accounting or other professional expenses of Transferee shall be charged to or paid by any Transferor or included in any of the Retained Liabilities. The foregoing shall not limit, however, any Party's right to include such expenses in any claim for damages against any other Party who breaches any legally binding provision of this OTA to the extent provided in this OTA.

12.3 Entire Agreement; Assignment; Etc. This OTA (including the Disclosure Schedules and all other schedules and exhibits hereto which are incorporated into and are a part of this OTA), together with any certificates and other instruments delivered hereunder, state the entire agreement of the Parties, merge all prior negotiations, agreements and understandings, if any, whether written or oral, and state in full all representations, warranties, covenants and agreements that have induced this OTA. Each Party agrees

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that in dealing with third parties no contrary representations will be made. This OTA shall not be assignable by operation of Law or otherwise.

12.4 Captions. The Article, Section and paragraph captions in this OTA are for convenience of reference only, do not constitute part of this OTA and shall not be deemed to limit or otherwise affect any of the provisions hereof.

12.5 Severability. The invalidity or unenforceability of any provision of this OTA shall not affect the validity or enforceability of any other provision of this OTA.

12.6 Reserved.

12.7 Modification or Amendment. The Parties may modify or amend this OTA at any time, only by a written instrument duly executed and delivered by Transferee and Transferor Representative which modification or amendment shall be subject to the approval of the Bankruptcy Court.

12.8 Construction of Agreement. If an ambiguity or question of intent or interpretation arises under this OTA, this OTA shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this OTA.

12.9 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or by a nationally recognized overnight courier service to the Parties at the addresses set forth on Exhibit 12.9 (or at such other address for a Party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt).

12.10 Remedies Cumulative. Except as otherwise provided herein, the remedies provided for or permitted by this OTA shall be cumulative and the exercise by any Party of any remedy provided for herein shall not preclude the assertion or exercise by such Party of any other right or remedy provided for herein.

12.11 Governing Law; Consent to Jurisdiction. This OTA shall be construed, performed, and enforced in accordance with, and governed by, the Laws of the State of Texas (without giving effect to the principles of conflicts of Laws thereof), except to the extent that the Laws of such State are superseded by the Bankruptcy Code or other applicable federal Law. For so long as Transferor is subject to the jurisdiction of the Bankruptcy Court, the Parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this OTA, and consent to the exclusive jurisdiction of, the Bankruptcy Court, except to the extent (a) jurisdiction and venue are unavailable in the Bankruptcy Court, in which case each of the Parties irrevocably and unconditionally consents and submits to exclusive jurisdiction and venue in the state and federal courts located in Dallas County, State of Texas, and (b) submission to the jurisdiction of a court in another state is necessary for enforcement or an order of the appropriate foregoing court. The Parties hereby consent to the jurisdiction of such court and waive their right to challenge any proceeding involving or relating to this OTA on the basis of lack of jurisdiction over the Person or forum non conveniens.

12.12 Waiver of Jury Trial. **EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS OTA OR THE TRANSACTIONS OR EVENTS CONTEMPLATED HEREBY OR ANY**

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COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THE PARTIES EACH AGREE THAT ANY AND ALL SUCH CLAIMS AND CAUSES OF ACTION SHALL BE TRIED BY THE COURT WITHOUT A JURY. EACH OF THE PARTIES HERETO FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY SUCH LEGAL PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

12.13 Time of Essence. With regard to all dates and time periods set forth or referred to in this OTA, time is of the essence unless such delay is caused by factors outside the control of the Party in which case a reasonable delay shall be granted to the requesting Party.

12.14 Counterparts. This OTA may be executed in the original or by facsimile or electronic .pdf in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. The exchange of copies of this OTA and of signature pages by facsimile transmission or e-mail shall constitute effective execution and delivery of this OTA as to the Parties and may be used in lieu of the original OTA for all purposes. Signatures of the Parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

12.15 Representation Waiver. Each of the Parties hereto acknowledges and agrees, on its own behalf and on behalf of its members, partners, officers, employees and Affiliates, that Transferor is a client of Polsinelli PC (the "***Firm***") in the preparation, negotiation and execution of this OTA and the other Transaction Documents. After the Closing, it is possible that the Firm will represent Transferor and/or its Affiliates in the future in connection with issues that may arise under this OTA and the other Transaction Documents or any claims that may be made thereunder. The Firm (or any successor) may serve as counsel to Transferor and/or its Affiliates or any member, partner, manager, officer, employee, representative or Affiliate of such Persons in connection with any claim arising out of or relating to this OTA or the other Transaction Documents. Each of the Parties hereto consents thereto, and waives any conflict of interest arising therefrom, and each such Party shall cause any Affiliate thereof to consent to waive any conflict of interest arising from such representation. Each of the Parties hereto acknowledges that such consent and waiver is voluntary, that it has been carefully considered, and that the Parties have consulted with counsel or have been advised they should do so in connection therewith.

12.16 No Third Party Beneficiaries. The Parties hereto do not intend that any third party shall have any rights under this OTA.

12.17 Transferor Representative.

(a) Transferor hereby irrevocably constitutes and appoints SCC as its representative ("***Transferor Representative***") and its true and lawful attorney-in-fact, with full power and authority in each of their names and on behalf of each of them to act on behalf of Transferor in the absolute discretion of Transferor Representative for purposes of this OTA, and the transactions to be carried out pursuant hereto, and the execution of this OTA, by Transferor will constitute ratification and approval of such designation on the terms set forth herein. All decisions, actions, consents and instructions by Transferor Representative with respect to this OTA will be binding upon Transferor, and Transferor will not have the right to object to, dissent from, protest or otherwise contest the same. Transferee will be entitled to rely on any decision, action, consent or instruction of Transferor Representative as being the decision, action, consent or

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instruction of Transferor. By way of example and not limitation, Transferor Representative will be authorized and empowered, as agent of and on behalf of Transferor to (i) execute and deliver and take all actions under the OTA on behalf of Transferor; (ii) give and receive notices and communications as provided herein; (iii) object to any claims of an indemnified party; (iv) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts and awards of arbitrators with respect to, such claims or losses; (v) waive after the Closing Date any breach or default of Transferee of any obligation to be performed by it under this OTA; (vi) receive service of process on behalf of Transferor in connection with any claims against Transferor arising under or in connection with this OTA; and (vii) take all other actions that are either (A) necessary or appropriate in the judgment of Transferor Representative for the accomplishment of the foregoing, or (B) specifically mandated by the terms of this OTA. Notices or communications to or from Transferor Representative will constitute notice to or from Transferor.

(b) The grant of authority provided for in this Section 12.17 is coupled with an interest and is being granted, in part, as an inducement to Transferee to enter into this OTA, and will be irrevocable and survive the dissolution, liquidation or bankruptcy of any Transferor, and will be binding on any successor thereto.

12.18 Attorney-Client Privilege. Neither of Transferor or Transferee is waiving, and each will not be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges as a result of disclosing its Confidential Information (including Confidential Information related to pending or threatened litigation) to the others, regardless of whether such Party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties (a) share a common legal and commercial interest in all of the Confidential Information that is subject to such privileges and protections; (b) are or may become joint defendants in proceedings to which such Party's Confidential Information covered by such protections and privileges relates; (c) intend that such privileges and protections remain intact should any Party become subject to any actual or threatened proceeding to which the Confidential Information covered by such protections and privileges relates; and (d) intend that after the Closing the Party whose Confidential Information is at issue shall have the right to assert such protections and privileges. No Party shall admit, claim or contend, in proceedings involving any Party or otherwise, that any Party waived any of its attorney work-product protections, attorney-client privileges or similar protections and privileges with respect to any information, documents or other material not disclosed to a Party due to any Party disclosing its Confidential Information (including Confidential Information related to pending or threatened litigation) to another Party.

[The Next Page is the Signature Page]

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IN WITNESS WHEREOF, each of the undersigned in the capacity indicated below has executed this OTA as of the day and year first above written.

TRANSFEROR:

PM MANAGEMENT – PARK VALLEY NC, LLC,
a Texas limited liability company

DocuSigned by:
Michael Beal
B6EF62411E114F1...

By:_____
Name: Michael Beal
Title: Chief Operating Officer

TRANSFEREE:

PARK VALLEY HEALTH CARE CENTER LTD. CO.,

a Texas limited liability company

By:_____
Name: Robin Underhill
Title: Chief Executive Officer

IN WITNESS WHEREOF, each of the undersigned in the capacity indicated below has executed this OTA as of the day and year first above written.

TRANSFEROR:

PM MANAGEMENT – PARK VALLEY NC, LLC,
a Texas limited liability company

By:_____
Name:_____
Title:_____

TRANSFEREE:

PARK VALLEY HEALTH CARE CENTER LTD. CO.,

a Texas limited liability company

By:_____
Name: Robin Underhill
Title: Chief Executive Officer

Exhibit A

Definitions

Definitions. In addition to the terms otherwise defined herein, the following terms shall have the following meaning:

9019 Order" means a final and non-appealable order of the Bankruptcy Court settling, releasing and discharging any and all Claims (as defined in the Bankruptcy Code) of Landlord under, and in any way relating to, the real property lease covering the Facility (as well as all other facilities leased by Landlord), the form and substance of which is satisfactory to Transferor in all respects. The 9019 Order may be combined with the Sale Order into one Order as the parties hereto may agree.

"***Accounts Receivable***" means all accounts receivable and incentive payments of the Business, including without limitation, the QIPP Credit Amount and other incentive payments related to the QIPP Program, QASP or similar incentive programs in additional states.

"***Action***" means any claim, action, cause of action or suit (whether in contract or tort), litigation (whether at Law or in equity, whether civil or criminal), or any written controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, settlement, notice or proceeding to, from, by or before any Governmental Authority of which the Parties thereto have received written notice.

"***Affected Participants***" has the meaning set forth in Section 2.5(l).

"***Affiliate***" means, with respect to any Person, at the time of determination, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"***Affiliated-Service Transferee Employees***" has the meaning set forth in Section 2.5(d).

"***Ancillary Permits and Approvals***" has the meaning set forth in Section 2.2(a).

"***Assets***" has the meaning set forth in Section 2.1.

"***Assignment and Assumption Agreement***" has the meaning set forth in Section 3.3(b).

"***Assumed Liabilities***" has the meaning set forth in Section 2.4(a).

"***Assumed PTO***" has the meaning set forth in Section 2.5(f).

"***Bankruptcy Code***" has the meaning set forth in the Recitals.

"***Bankruptcy Court***" has the meaning set forth in the Recitals.

"***Bill of Sale***" has the meaning set forth in Section 3.3(a).

"***Bring Down Certificate***" has the meaning set forth in Section 3.3(c).

"***Broker***" has the meaning set forth in Section 4.16.

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"***Business***" means the business conducted by Transferor exclusively at or exclusively related to the Facility.

"***Business Day(s)***" means any day that is not a Saturday or Sunday or a legal holiday on which banks are authorized or required by Law to be closed in Dallas, Texas.

"***Buyer***" has the meaning set forth in the Recitals.

"***CHOW***" has the meaning set forth in Section 2.2(a).

"***Closing***" has the meaning set forth in Section 3.2.

"***Closing Date***" has the meaning set forth in Section 3.2.

"***CMS***" means the Centers for Medicare & Medicaid Services.

"***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act or similar state law.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Compromise and Settlement Agreement***" has the meaning set forth in Section 7.1(l).

"***Confidential Information***" has the meaning set forth in Section 6.6(a).

"***Contracts***" has the meaning set forth in Section 2.1(e).

"***Cost Reports***" means all Cost Reports related to the Facility filed by Transferor prior to the Execution Date pursuant to the requirements of any applicable Government Reimbursement Programs for cost-based payments or reimbursement due to or claimed by Transferor from any applicable Government Reimbursement Programs or their fiscal intermediaries or payor agents.

"***Current Records***" has the meaning set forth in Section 2.1(h).

"***Department***" has the meaning set forth in Section 2.2(a).

"***Designated Contract***" means those certain Contracts that are listed on Exhibit 2.1(e) and which have been assumed and assigned by Transferor pursuant to an assumption and assignment Order of the Bankruptcy Court.

"***Designated Vehicle***" has the meaning set forth in Exhibit 2.6.

"***Disclosure Schedules***" means the various disclosure schedules to this OTA that are being delivered by Transferor to Transferee in connection with the execution and delivery hereof (or at such other time as is designated in this OTA).

"***Disclosure Update***" has the meaning set forth in Section 4.19.

"***Effective Time***" has the meaning set forth in Section 3.2.

"***Employee Benefit Plan***" means any plan, program, agreement or policy for the benefit of any current or former employee, director, independent contractor, or owner (or any dependent or beneficiary thereof) that is (a) a welfare plan within the meaning of Section 3(1) of ERISA, (b) a pension plan within the meaning of Section 3(2) of ERISA, (c) a stock bonus, stock purchase, stock option, restricted stock, stock

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appreciation right or similar equity-based plan, or (d) any other compensation, deferred-compensation, retirement, welfare-benefit, bonus, incentive, retention, severance pay, sick leave, vacation pay, salary continuation, disability, dental, vision, medical, life insurance or fringe-benefit plan, program, agreement or policy.

"***Encumbrance***" means any charge, claim, condition, equitable interest, lien, encumbrance, license, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first offer or first refusal, buy/sell agreement and any other restriction or covenant with respect to, or condition governing the use, construction, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

"***Environmental Law***" means all Laws that relate to or govern the regulation, quality, protection or improvement of human health, pollution, or the environment, including (a) emissions, discharges, releases, or threatened releases of or exposures to Hazardous Substances, (b) protection of public health, the environment or worker health and safety, (c) the manufacture, generation, processing, distribution, handling, transport, use, treatment, storage or disposal of Hazardous Substances, or (d) recordkeeping, notification, warning, disclosure and reporting requirements respecting Hazardous Substances.

"***Equipment Lease***" has the meaning set forth in Section 4.12.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" has the meaning set forth in Section 4.5(c).

"***Escrow Agent***" means Wilmington Trust Company.

"***Excluded Assets***" has the meaning set forth in Section 2.6.

"***Execution Date***" has the meaning set forth in the Preamble.

"***Facility***" has the meaning set forth in the Recitals.

"***Firm***" has the meaning set forth in Section 12.15.

"***GAAP***" means U.S. generally accepted accounting principles, as in effect on the Execution Date, consistently applied.

"***Government Reimbursement Program***" means the Medicare program, any relevant state Medicaid program and any other similar or successor federal, state or local health care payment programs with or sponsored by any Governmental Authority (excluding the TRICARE Program).

"***Governmental Authority***" or "***Governmental Entity***" means any federal, state, or local government or any court of competent jurisdiction, administrative agency or commission or other domestic governmental or quasi-governmental authority or instrumentality.

"***Hazardous Substances***" means any chemicals, materials, compounds or substances defined, regulated, listed or otherwise classified under any applicable Law as a "hazardous substance," "extremely hazardous substance," "hazardous material," "hazardous waste," "universal waste," "mixed waste," "bio-hazardous waste," "medical waste," "radioactive waste," "pharmaceutical waste," "commingled waste," "mold," "toxic substance," "toxin," "pollutant" or "contaminant," including petroleum (including petroleum products, constituents, additives, or derivatives thereof), asbestos, asbestos-containing materials, and polychlorinated biphenyls.

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"***Healthcare Requirements***" means the requirements of or with respect to Government Reimbursement Programs, Referral Laws, Patient Privacy Requirements, the False Claims Act, 31, U.S.C. Section 3729 et seq. as amended, and 42 U.S.C. Section 1320a-7k(d), 42 U.S.C. 1320a-7a(a).

"***HIPAA***" means the Health Insurance Portability and Accountability Act of 1996.

"Indemnity Escrow Agreement" means the Indemnity Escrow Agreement dated as of the Closing Date by and among Transferor, Transferee, and the Escrow Agent.

"Indemnity Escrow Amount" has the meaning set forth in Section 10.1.

"***Intellectual Property***" means any right, title and interest in and to all intellectual property rights throughout the world, including all (a) patents and patent applications, (b) trademarks, (c) copyrights (including rights in software), (d) trade secrets, know-how and rights to proprietary information and data, (e) domain names and websites, and (f) any registrations or applications for any of the foregoing. (in all instances, excluding such intellectual property listed as an Excluded Asset).

"***Inventory***" has the meaning set forth in Section 2.1(d).

"***Knowledge***" means, when used with respect to Transferor, the actual knowledge of a particular fact or matter of any of the following: Michael Beal and Kevin O'Halloran.

"***Landlord***" means the owner of the real property upon which the Facility is located.

"***Law***" means any statute, law, rule or regulation or ordinance of any Governmental Authority.

"***Licenses***" has the meaning set forth in Section 4.8(b).

"***LSC***" means Life Safety Code.

"***Material Adverse Effect***" means any event, change, development or occurrence that has had or could reasonably be expected to have a material and adverse effect on the operations, condition (financial or otherwise) or results of operations of the Facility, but excluding any such event, change, development or occurrence attributable to or resulting from (i) any change in applicable Law or the interpretation thereof, (ii) any change in GAAP or the interpretation thereof, (iii) any events, changes, developments or occurrences generally affecting the industries in which the Business operates, (iv) general economic, political or market conditions, (v) any disasters, calamities, emergencies, acts of war, sabotage or terrorism (or an escalation or worsening of any of the foregoing), (vi) the entry into or announcement of this OTA and the transactions contemplated hereby, (vii) any action taken or omitted to be taken by Transferor or its Affiliates pursuant to this OTA or at the written request or with the prior written consent of Transferee, (viii) any loss of, or change in, the relationship of the Business with its customers, employees or suppliers (but not any breach of Contract by Transferor or its Affiliate) that is a direct result of the execution, delivery or performance (in accordance with its terms) of this OTA, the consummation of the transactions contemplated by this OTA or the announcement of any of the foregoing, (ix) the failure of the Business to achieve internal or external financial forecasts or projections, provided that the events, changes, developments or occurrences underlying such failure shall not be excluded as a result of this clause (ix), or (x) any breach by Transferee of this OTA.

"***Medicaid***" means the state governmental healthcare program pursuant to which healthcare providers are paid or reimbursed for care given or goods afforded to indigent individuals and administered pursuant to a plan approved by CMS under Title XIX of the Social Security Act.

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"***Medicare***" means the federal governmental healthcare program established under Title XVIII of the Social Security Act and administered by CMS.

"***National Contracts***" means all Contracts between SCC, Transferor, or any of their respective Affiliates, on the one hand, and any third party, on the other hand, that have been entered into on a national or regional basis including, without limitation, any Contract pursuant to which any services are provided by or to any nursing facility or other facility of SCC or any of its Affiliates that is not the Facility.

"***New License***" shall have the meaning set forth in Section 2.2(a).

"***NPI***" shall have the meaning set forth in Section 2.1(i).

"***Order***" means any writ, order, judgment, injunction, ruling, legally binding agreement, stipulation or decree (including a consent decree) of any Governmental Authority.

"***OTA***" has the meaning set forth in the Preamble.

"***Outside Date***" means September 1, 2019.

"***Overhead and Shared Services***" means ancillary corporate or shared services provided to or in support of the Facility that are general corporate, overhead or other services or provided to both (a) the Facility, and (b) any other business or facility of SCC and its Affiliates that is not the Facility including, without limitation, access to hardware and software related to financial and clinical operations, use of intellectual property, travel and entertainment services, temporary labor services, purchasing and supply services, personal telecommunications services, computer hardware and software services, energy/utilities services, treasury services, public relations, legal and risk management services (including workers' compensation), payroll services, sales and marketing support services, information technology and telecommunications services, accounting services, tax services, internal audit services, executive management services, investor relations services, human resources and employee relations management services, employee benefits services, credit, collections and accounts payable services, logistics services, property management services, environmental support services, training, federal and state reimbursement services, state licensing and Medicare and Medicaid certification and maintenance support, in each case including services relating to the provision of access to information, operating and reporting systems and databases and all hardware and software or other intellectual property used in connection therewith.

"***Owned Vehicle***" has the meaning set forth in Exhibit 2.6.

"***Party***" and "***Parties***" have the meaning set forth in the Preamble.

"***Patient Privacy Requirements***" means the applicable requirements of the Administrative Simplification Provisions of HIPAA, as amended by the American Recovery and Reinvestment Act of 2009 and the implementing regulations thereunder governing the privacy of individually identifiable health information and the security of such information maintained in electronic form or of any similar state Laws.

"***Pending Medicaid Applicants***" has the meaning set forth in Section 6.11(e).

"***Permits***" has the meaning set forth in Section 2.1(i).

"***Permitted Encumbrance***" means (i) Encumbrances for Taxes that are not yet due or are being contested in good faith and for which adequate accruals or reserves have been established in the financials if required pursuant to GAAP, (ii) statutory Encumbrances of landlords and Encumbrances of carriers, warehousemen, mechanics, materialmen and other Encumbrances imposed by Law, in each case, for amounts not yet due or that are being contested in good faith and for which adequate accruals or reserves

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have been established in the financials if required pursuant to GAAP, (iii) zoning, entitlement, building and land use regulations, customary covenants, easements, rights-of-way, restrictions and other similar charges or encumbrances which do not, in each of the foregoing cases, individually or in the aggregate, materially and adversely interfere with the current use or occupancy of or diminish the value of the Facility materially and adversely, in each case in the ordinary conduct of the Business thereon, (iv) Encumbrances that will be released by Transferor prior to or as of the Closing Date, (v) matters that would be disclosed by an accurate survey provided such matters do not, individually or in the aggregate, materially and adversely interfere with the current use or occupancy of or diminish the value of the Facility materially and adversely, in each case in the ordinary course of Business; (vi) Encumbrances arising under this OTA or any of the Transaction Documents; (vii) residency agreements of Residents; (viii) any Encumbrances set forth in the Sale Order and (ix) any Encumbrances arising under the HUD Loan or the HUD Documents (both as defined in the PSA) held by the U.S. Department of Housing and Urban Development and/or Love Funding.

"***Person***" means an individual, partnership, venture, unincorporated association, organization, syndicate, corporation, limited liability company, or other entity, trust, trustee, executor, administrator or other legal or personal representative or any government or any agency or political subdivision thereof.

"***Plan***" has the meaning set forth in Section 4.5(a).

"***Policy and Procedure Manual(s)***" has the meaning set forth in Section 2.1(f).

"***Policy Return Date***" has the meaning set forth in Section 2.1(f).

"***Prior Records***" has the meaning set forth in Exhibit 2.6.

"***PSA***" has the meaning set forth in the Recitals.

"***QIPP Credit Amount***" shall mean the amount of any cash or other amounts due to Transferor (regardless of whether such amounts are paid after the applicable Closing) which is set forth on the balance sheets of the Facility as of immediately prior to the applicable Closing, and any payment or part thereof received pursuant to a QIPP Program related to or attributable to the period prior to the Closing.

"***QIPP Program***" shall mean the Quality Incentive Payment Program in place in Texas.

"***Qualified Plan***" has the meaning set forth in Section 4.5(b).

"***Records***" has the meaning set forth in Exhibit 2.6

"***Referral Laws***" means Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a 7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti-Kickback Statute," Section 1877 of the Social Security Act, as amended, 42 U.S.C. Section 1395nn and related regulations (Prohibition Against Certain Referrals), commonly referred to as "Stark Law," 42 USC Section 1320a-7a(a)(5).

"***Regulatory Approvals***" shall have the meaning set forth in Section 2.2(a).

"***Resident***" means a resident of the Facility.

"***Resident Trust Funds***" has the meaning set forth in Section 2.1(k).

"***Retained Liabilities***" has the meaning set forth in Section 2.4(b).

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"***Return***" and "***Returns***" means any and all returns, reports, information statements and certifications with respect to any and all Taxes that are required to be filed with the IRS or any other federal, state or local taxing authority, including consolidated, combined and unitary tax returns, and any and all returns, reports and information statements required to be so filed in connection with any Employee Benefit Plan.

"***Sale Order***" has the meaning set forth in the Recitals.

"***SCC***" means Senior Care Centers, LLC, a Delaware limited liability company.

"***Seller***" has the meaning set forth in the Recitals.

"***Social Security Act***" means the Social Security Act.

"***Tax***" and "***Taxes***" means taxes, fees, levies, duties, tariffs, imposts and governmental impositions or charges of any kind imposed by any federal, state or local taxing authority, including (a) income, franchise, profits, gross receipts, ad valorem, net worth, value added, sales, use, service, real or personal property, special assessments, capital stock, license, payroll, withholding, employment, estimated, social security, workers' compensation, unemployment compensation or insurance contributions, utility, severance, production, excise, stamp, occupation, premiums, windfall profits, transfer, gains, business and occupation, disability, quality assurance fee, bed tax, provider tax or other tax, duty or charge of any kind whatsoever, however denominated; and (b) interest, penalties, additional taxes and additions to tax imposed by a taxing authority with respect thereto.

"***Transaction Documents***" means (a) this OTA, (b) the Bills of Sale and Assignment and Assumption Agreements, and (c) such other documents and certificates contemplated by this OTA.

"***Transfer Consideration***" has the meaning set forth in Section 3.1.

"***Transferee***" has the meaning set forth in the Preamble.

"***Transferee Employees***" has the meaning set forth in Section 2.5(b).

"***Transferee Plan***" has the meaning set forth in Section 2.5(l).

"***Transferee's A/R***" has the meaning set forth in Section 6.11(a).

"***Transferor***" has the meaning set forth in the Preamble.

"***Transferor Confidential Information***" has the meaning set forth in Section 6.6(b).

"***Transferor Representative***" has the meaning set forth in Section 12.17(a).

"***Transferor's A/R***" has the meaning set forth in Section 6.11(a).

"***Transferred Records***" has the meaning set forth in Section 6.15(a).

"***VDR***" means the ownCloud virtual data room for Park Valley Inn, including all documents and materials posted thereto as of the Closing Date.

"***WARN Act***" means the Worker Adjustment and Retraining Notification Act of 1988, as amended.

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Exhibit 2.1(b)

Personal Property

To be mutually agreed to by the parties prior to Closing.

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Exhibit 2.1(c)

Software Licenses

To be mutually agreed to by the parties prior to Closing.

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Exhibit 2.1(e)

Designated Contracts

To be mutually agreed to by the parties prior to Closing.

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Exhibit 2.6

Excluded Assets

(a) Any cash, cash equivalents, or bank accounts (but excluding Resident Trust Funds, which shall constitute Assets);

(b) All Accounts Receivable with respect to services provided at the Facility prior to the Closing Date, prepaid expenses and security deposits;

(c) All National Contracts;

(d) All Overhead and Shared Services, including any Contracts for or assets related to Overhead and Shared Services;

(e) Licenses and permits that are not assignable or transferable, whether with or without third party consent, to Transferee;

(f) Assets of Transferor disposed of in the ordinary course of business prior to the Effective Time; provided that Transferor shall not dispose of any material Assets without the prior written consent of Transferee (other than Inventory used at the Facility in the ordinary course of business, which may be used and disposed of provided that it shall also be replenished to a quantity that is required by Law);

(g) Any management agreement between Transferor and SCC or its Affiliates, as the case may be;

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

(i) Any claims for refunds of Taxes and other governmental charges imposed on Transferor of whatever nature including, but not limited to, those with respect to the Facility or the Business, attributable to periods ending prior to the Closing Date;

(j) All shares of any capital stock, membership interests or partner interests in any partnership, of Transferor;

(k) All of Transferor's email accounts;

(l) All rights of Transferor under this OTA or the other Transaction Documents;

(n) All insurance policies of Transferor or any of its Affiliates and all rights of every nature and description under or arising out of such insurance policies, including the right to make claims thereunder, to the proceeds thereof and to any insurance refunds relating thereto;

(m) Transferor's Returns for periods up to and including the Closing Date and all rights of Transferor to any recoveries or refunds in respect of Taxes for periods up to and including the Closing Date, whether or not any refund of or credit for claims have been filed prior to the Closing Date;

(n) Transferor's attorney-client privilege;

(o) All Employee Benefit Plans (including Plans) and all assets related thereto;

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(p) Transferor's information technology systems, emails, software licenses, corporate minute books, records, marketing materials, policies and procedures, and all assets that are used at the corporate level and do not solely relate to the operations of the Business;

(q) All claims or rights of Transferor with and among any other Transferor or amounts due from related parties;

(r) All of SCC's or any of its Affiliate's proprietary manuals, marketing materials, policy and procedure manuals, standard operating procedures and marketing brochures, and all data and studies or analyses generated for the benefit of the Facility;

(s) All funds and accounts of all employee retirement, deferred compensation, health, welfare or benefit plans and programs, including assets representing a surplus or overfunding of any Employee Benefit Plan;

(t) All unclaimed property of any third party as of the Closing, including, without limitation, property which is subject to applicable escheat Laws;

(u) All assets of Transferor not used in connection with or held in whole or in part for use in connection with the Business;

(v) The items of personal property brought to the Facility by employees of Transferor or its Affiliates that are not used or held for use with the Business and the operation of any of the Facility;

(w) All tradenames, trademarks, service marks, domain names (URLs) and websites owned by SCC or its Affiliates including, without limitation, any use of the names "Senior Care Centers" in whole or in part, or any derivation thereof, and all references to any of the foregoing on social media channels (including, without limitation, Facebook, Twitter and YouTube) associated with any or all of the Facility or SCC or its Affiliates; it being acknowledged and agreed that Transferor disclaims any ownership of the phrase "Park Valley Inn Health Center" and nothing contained in this Agreement shall preclude Transferee from rebranding the Facility.

(x) All files, charts, and other information relating to all Residents who previously occupied the Facility or used the Facility prior to the Effective Time and are not Residents of the Facility as of the Effective Time (including, but not limited to, all patient records, medical records, therapy records, pharmacy records, clinical records, and Resident Trust Funds records) for all periods prior to the date that is three (3) years before the Effective Time (collectively, "***Prior Records***" and together with the Current Records, "***Records***");

(aa) all of the vehicles owned by Transferor and used at the Facility (an "***Owned Vehicle***"), provided Transferee may pay to Transferor on or before the Closing Date a price mutually agreed to by the Parties for any Owned Vehicle Transferee elects to purchase and Transferor consents to such purchase in writing (each, a "***Designated Vehicle***"). Transferor shall provide the title to any such Designated Vehicle to Transferee on the Closing Date or as soon as possible thereafter. Transferee shall not use an Owned Vehicle on or after the Closing Date unless the Transferee has purchased the Owned Vehicle and title for such vehicle has transferred to Transferee.

(bb) 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 Transferor to any third party with respect to periods prior to the Closing (e.g., such overpaid amounts may be determined by billing audits undertaken by Transferor or Transferor's consultants) to the extent not offset against any underpayments by any applicable third party payor in respect of services rendered prior to the Closing;

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(cc) Any receipts (i) relating to Transferor's Cost Reports or rights to settlements and retroactive adjustments on the same (whether resulting from an appeal by Transferor or otherwise) with respect to time periods prior to the Closing, or (ii) which result from Transferor's pursuit of one or more appeals pertaining to a Government Reimbursement Program to the extent not offset against any overpayments by such Government Reimbursement Program in respect of services rendered prior to the Closing ;

(dd) All managed care contracts of Transferor;

(ee) All rehab equipment (both leased and owned)

(ff) Transferor's ethics hotline provided that Transferee hereby agrees to remove any ethics hotline posters remaining after Closing; and

(gg) The Equipment/Services Leases itemized below.

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	Type of Equipment/Service	SCC Vendor/Lease (posted to VDR)
1.	Phones (Hosted VOIP)	CenturyLink
2.	Fax/fire lines	Birch
3.	Cellular devices (cell phones, ipads/air cards)	Mettel/Verizon
4.	Electronic fax lines (not at all facilities)	Open text
5.	Time clocks	ADP
6.	Broadband internet	Multiple carriers
7.	Data circuits (MPLS)	CenturyLink
8.	Network gear (i.e., WAPs, switches, routers)	Cisco Finance/Meraki
9.	Document shredder	Shred-It
10.	Copiers/printers	Denitech/Xerox/ Wells Fargo
11.	Rehab equipment (leased only)	Wells Fargo
12.	Labs	Schryver
13.	Radiology	MobileX
14.	DME	Joems
15.	Oxygen	SMS
16.	Pharmacy	Omnicare
17.	Dietary, laundry, housekeeping	Biomedical
18.	EMR data exports	PCC
19.	Rehab	SRS
20.	Dish washer	Kirby

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Exhibit 3.3 (c)

Bring Down Certificate

Form to be mutually agreed to by the Parties before Closing.

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Exhibit 6.11(f)(ii)

Delivery Address to Transferor for A/R Reconciliation

AccountingTransition@seniorcarecentersltc.com

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Exhibit 6.11(f)(iii)

Delivery Address to Transferee for A/R Reconciliation

To be provided by Transferee before Closing.

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Exhibit 6.11(f)(vi)

Wire Instructions

To be provided by the Parties within thirty (30) days following the Execution Date

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Exhibit 6.16

Form of Business Associate Agreement

(Attached)

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") is entered into and effective as of the [___] day of August, 2019 ("Effective Date") by and between [Saddleback Transferor Entity] ("Covered Entity"), and [Cantex Transferee Entity] ("Business Associate") (collectively, the "Parties").

WITNESSETH

WHEREAS, Covered Entity is a "covered entity" as defined in the Health Insurance Portability and Accountability Act of 1996 and as described in the Health Information Technology for Economic and Clinical Health Act ("HITECH") provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA") and the regulations promulgated thereunder ("HIPAA"); and

WHEREAS, Business Associate will perform a due diligence review and have access to certain patient medical records in connection with the potential acquisition (the "Potential Acquisition") of certain assets and operations of the Covered Entity (the "Purpose") pursuant to an Operations Transfer and Surrender Agreement of even date herewith (the "Purchase Agreement"), the performance of which involves the creation, receipt, maintenance, or transmission of certain Protected Health Information, as defined in 45 CFR 160.103 and limited to the information created or received by Business Associate from or on behalf of Covered Entity ("PHI"); and

WHEREAS, HIPAA requires that Covered Entity enter into written agreements with its business associates in order to regulate the use and disclosure of certain protected health information of Covered Entity; and

WHEREAS, Covered Entity and Business Associate agree to enter into this Agreement under the terms and conditions set forth herein to meet the applicable requirements for such business relationships under HIPAA.

NOW THEREFORE, for and in consideration of these premises, the Parties' other mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the Parties hereto acknowledge, covenant, and agree as follows:

1. Obligations of Business Associate

1.1. Permitted Uses and Disclosures of PHI. Business Associate shall use and disclose any PHI it may receive from Covered Entity only in connection with the Purpose, and in accordance with applicable federal and state laws, including but not limited to HIPAA. Business Associate will only use or disclose the minimum necessary PHI and will abide by Covered Entity's policies and procedures relative to minimum use. Business Associate may not use or disclose PHI

in a manner that would violate HIPAA if done by Covered Entity, except as specifically set forth herein. Business Associate may also use or disclose PHI for the proper management and administration of the Business Associate, for data aggregation services related to the health care operations of Covered Entity, to de-identify PHI in strict compliance with HIPAA, or to carry out its legal responsibilities, but only to the extent any such disclosure is required by law or if (i) the Business Associate obtains reasonable assurances from the person or entity to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed, and (ii) the person or entity agrees to notify the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached. To the extent Business Associate is to carry out any obligation of Covered Entity under Subpart E of 45 CFR Part 164, Business Associate shall comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation. Business Associate shall not use or further disclose PHI other than permitted or required by this Agreement or as otherwise required by law.

1.2 Safeguards. Business Associate shall implement and use appropriate administrative, physical and technical safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI and prevent the use or disclosure of PHI other than as set forth in this Agreement or as permitted or required by law.

1.3 Reporting Disclosures of PHI. In the event Business Associate, its agents, employees or contractors use or disclose PHI in violation of this Agreement, Business Associate shall report such use or disclosure to Covered Entity as soon as Business Associate becomes aware of such violation, including the circumstances surrounding the use or disclosure and a description of the PHI inappropriately used or disclosed. Business Associate shall report to Covered Entity any Security Incident of which it becomes aware, provided that Business Associate shall only be required to report unsuccessful Security Incidents upon request by Covered Entity, and any such report may be in summary form generally describing the types and frequency of such unsuccessful Security Incidents. Business Associate agrees to notify Covered Entity in the event of any breach of unsecured PHI held by or under the control of Business Associate, including the identity of the affected individual(s) and all other relevant information, within three (3) business days of becoming aware of such breach. Unless the context of the relationship specifically requires otherwise, the parties disclaim any agency relationship between Covered Entity and Business Associate.

1.4 Mitigation of Harmful Effects. Business Associate shall establish procedures for mitigating harmful effects of any improper use or disclosure of PHI that Business Associate reports to Covered Entity.

1.5 Third Party Agreements. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Business Associate shall require all of its subcontractors and agents that create,

receive, maintain, transmit, use or have access to PHI under this Agreement to agree in writing to adhere to the same or substantially similar restrictions, conditions and requirements applicable to the use or disclosure of such PHI as required herein, including without limitation any provisions specifically required of Business Associate Agreements by HIPAA.

1.6 Access to Information. Within ten (10) business days of a request by Covered Entity for access to PHI about an individual contained in a Designated Record Set (as defined in 45 C.F.R. 164.501) in Business Associate's possession, Business Associate shall make available to Covered Entity such PHI for so long as such information is maintained in the Designated Record Set by Business Associate. In the event any individual requests access to his or her own PHI directly from Business Associate, Business Associate shall forward such request to Covered Entity upon receipt of same. Business Associate shall reasonably cooperate with Covered Entity to provide an individual, at Covered Entity's written direction, with access to the individual's PHI in Business Associate's possession within ten (10) business days of Business Associate's receipt of written instructions for same from Covered Entity. Any denials of access to PHI requested shall be the responsibility of Covered Entity.

1.7 Amendment of PHI. Business Associate agrees to make PHI in a Designated Record Set available for amendment and to incorporate any appropriate amendments at the direction of and in the time and manner designated by Covered Entity. Business Associate further agrees to forward to Covered Entity any request for amendment of PHI made directly by an individual to Business Associate upon receipt of such request, and take no action on such request until directed by Covered Entity.

1.8 Accounting of Disclosures. Business Associate agrees to document disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528 and to provide Covered Entity with an accounting of such disclosures in the time and manner designated by Covered Entity. Business Associate further agrees to forward to Covered Entity any request for an accounting of disclosures of PHI made directly by an individual to Business Associate upon receipt of such request. To the extent Business Associate maintains PHI in an electronic health record, Business Associate agrees to account for all disclosures of such PHI upon the request of an individual for a period of at least three (3) years prior to such request (but no earlier than the effective date of this Agreement), as required by HITECH; such accounting shall be directly to the individual if requested by Covered Entity.

1.9 Access to Books and Records. Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the Department of Health and Human Services for purposes of determining compliance with the requirements of HIPAA.

1.10 Obligations under ARRA. Business Associate acknowledges that it is subject to the security and data breach provisions of HIPAA and agrees to abide thereby. Business Associate also agrees to abide by all of the privacy provisions set forth in Title XIII, Subtitle D of ARRA, including without limitation restrictions on marketing and sales of PHI and requirements relating to limited data sets and minimum necessary disclosures.

2. Obligations of Covered Entity

2.1 Notice of Privacy Practices. Covered Entity agrees to provide Business Associate with a copy of Covered Entity's "Notice of Privacy Practices," required to be provided to individuals in accordance with 45 CFR 164.520, as well as any subsequent changes to such notice.

2.2 Changes to or Restrictions on Use or Disclosure of PHI. Covered Entity will provide Business Associate with any changes to, or revocation of, permission to use or disclose PHI if such changes affect Business Associate's permitted or required uses or disclosures. Covered Entity will further notify Business Associate of any restriction to the use or disclosure of PHI agreed to by Covered Entity in accordance with the provisions of 45 CFR 164.522, and any restriction requested by an individual which Covered Entity is required to comply with in accordance with the provisions of HITECH.

2.3 Requested Uses or Disclosures of PHI. Covered Entity shall not request Business Associate to use or disclose PHI in any manner inconsistent with state or federal law.

3. Term and Termination

3.1 Term. This Agreement shall be deemed effective on the Effective Date and shall continue in effect until the earlier of (i) the closing of the Potential Acquisition (the "Closing"), (ii) the termination of the Purchase Agreement prior to the Closing or (iii) pursuant to Section 3.2.

3.2 Termination for Cause. Upon Covered Entity's knowledge of a material breach of this Agreement during the term of this Agreement by Business Associate, its agents or subcontractors, this Agreement may be immediately terminated by Covered Entity, as provided under 45 CFR 164.504(e)(2)(iii). At its option, Covered Entity may choose to (i) provide Business Associate with written notice of the existence of a material breach of this Agreement; and (ii) permit Business Associate to cure the material breach upon mutually agreeable terms. In the event Business Associate is afforded an opportunity and fails to cure the breach in accordance with such mutually agreeable terms, this Agreement may be immediately terminated at the option of Covered Entity. In the event Covered Entity violates its obligations under HIPAA in a manner related to this Agreement, Business Associate shall provide Covered Entity with notice of such

breach; if Covered Entity does not cure such breach within a reasonable period of time, Business Associate may terminate this Agreement.

3.3 Effect of Termination and Obligations of Business Associate Upon Termination.

(i) Upon termination of this Agreement pursuant to Section 3.1(ii) or Section 3.2, Business Associate shall return or destroy (at the option of Covered Entity) all PHI created or received by Business Associate, its agents and subcontractors to the extent feasible, without retaining any copies of such PHI. If Business Associate and Covered Entity mutually agree that return or destruction of the PHI is not reasonably feasible, Business Associate agrees to extend the protections of PHI under this Agreement and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible. The obligations of Business Associate under this paragraph (i) shall survive the termination of this Agreement.

(ii) Upon termination of this Agreement pursuant to Section 3.1(i), neither Business Associate nor Covered Entity shall have any further obligations or rights under this Agreement and all such obligations and rights shall immediately terminate upon the Closing.

4. Miscellaneous Provisions

- 4.1 Definitions and Interpretation. All words used herein but not defined herein shall have the meanings set out in HIPAA, and this Agreement shall be interpreted in such a fashion as to cause the parties to be in compliance with HIPAA.

- 4.2 Assignment. Neither party shall have the right to assign its rights or obligations under this Agreement without the prior written consent of the other party, and any such attempted assignment shall be void; provided, that Business Associate may assign its rights and obligations under this Agreement to any other party to which Business Associate assigns its rights and obligations under the Purchase Agreement without the prior written consent of Covered Entity.

- 4.3 Amendment. This Agreement shall not be modified or amended except by a written document executed by each of the parties to this Agreement, and such written modification or amendment shall be attached hereto.

- 4.4 Waiver of Provisions. Any waiver of any terms and conditions of this Agreement must be in writing, and signed by both Business Associate and Covered Entity. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions of the Agreement.

- 4.5 Parties In Interest; No Third-Party Beneficiaries. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and permitted assigns of the parties to this Agreement. Neither this Agreement nor any other agreement contemplated in this Agreement shall be deemed to confer upon any person not a party to this Agreement any rights or remedies contained in this Agreement.

- 4.6 Governing Law. This Agreement, the rights and obligations of the parties hereto, and the entire relationship between the parties relating hereto shall be governed by and construed and enforced in accordance with the substantive laws (but not the rules governing conflicts of laws) of the state of New Mexico and with HIPAA.

- 4.7 Notice. Whenever this Agreement requires or permits any notice, request, or demand from one party to another, the notice, request, or demand must be in writing to be effective and shall be deemed to be delivered and received (i) if personally delivered or if delivered by telex, telegram, facsimile or courier service, when actually received by the party to whom notice is sent or (ii) if delivered by mail (whether actually received or not), at the close of business on the third business day next following the day when placed in the mail, postage prepaid, certified or registered, addressed to the appropriate party, at the address of such party set forth in the Purchase Agreement (or at such other address as such party may designate by written notice to all other parties in accordance therewith).

- 4.8 Authorization. The Parties executing this Agreement hereby warrant that they have the authority to execute this Agreement and that their execution of this Agreement does not violate any bylaws, rules, or regulations applicable to them.

- 4.9 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.10 Conflicts with Purchase Agreement. Nothing in this Agreement, express or implied, is intended to or shall be construed to modify, expand or limit in any way the terms of the Purchase Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

[Cantex Transferee Entity]
By:_____
Name: Robin Underhill
Its: Chief Executive Officer
[Saddleback Transferor Entity]

By:_____
Name: _____
Its:_____

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Exhibit 7.1(l)

Form of Compromise and Settlement Agreement

(Attached)

COMPROMISE AND RELEASE AGREEMENT

This Compromise and Release Agreement (the "Agreement") is made and entered into as of this August 6, 2019 (the "Execution Date"), by and among Saddleback Sundance, LLC and Saddleback Park Valley, LLC (collectively, "Lessor") and PM Management - Portfolio IX NC, LLC ("Master Lessee") and PM Management – Park Valley NC, LLC ("Sublessee", and together with Master Lessee, collectively, "Lessee Parties")

R E C I T A L S:

A. Sublessee is the operator of the skilled nursing facility known as "Park Valley Inn Health Center" located at 17751 Park Valley, Round Rock, Texas 78681 (the "Facility"), pursuant to a Master Lease Agreement, dated August 1, 2013 as amended (the "Lease"), between Master Lessee, as tenant, and Lessor, as landlord.

ARTICLE XIII On December 4, 2018 (but January 28, 2019 with respect to Master Lessee), Lessee Parties along with certain of their affiliates, each filed a voluntary petition for relief under Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code") in the United States Bankruptcy Code for the Northern District of Texas (the "Bankruptcy Court"), and are operating as debtors-in-possession under Sections 1107 and 1108 of the Bankruptcy Code. The chapter 11 cases are being jointly administered under Case No. 18-33967 (BJH).

ARTICLE XIV Subject to the approval of the Bankruptcy Court, Park Valley Health Care Center Ltd. Co. ("New Operator") desires to acquire and assume from Sublessee pursuant to sections 105, 363, and 365 of the Bankruptcy Code, all of the Assets as defined in that certain Operations Transfer Agreement ("OTA") executed as of the Execution Date, all in accordance with the terms and conditions of this Agreement by and between New Operator and Sublessee.

ARTICLE XV The parties to this Agreement, acting by and through their duly authorized representative, and pursuant to the approval of the Bankruptcy Court, desire and agree to fully and finally compromise all claims, actions, causes of actions and matters in dispute, related to or arising out of the Lease and any related guaranty of the Lease obligations by a guarantor (each a "Guarantor" and together, the "Guarantors") including but not limited to any guaranty by Harden Healthcare Texas LP or its successor (a "Guaranty"), in order to avoid any future uncertainty, inconvenience, and expense of litigation.

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

ARTICLE I The parties acknowledge and agree that the recitals set forth above are incorporated herein and are true and correct.

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ARTICLE II Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Lease.

ARTICLE III The effective date ("Effective Date") of this Agreement shall be the Closing Date (as defined in the OTA).

ARTICLE IV The parties acknowledge that Master Lessee has paid to Lessor partial rent for the month of February of 2019, and that Master Lessee will pay to Lessor the remaining rent for February 2019 and Sublessee will pay to Lessor the full rent for January 2019, such amounts to be paid as of the Effective Date. Lessor shall pay $5,000 into an escrow account which shall be the Indemnity Escrow Amount contemplated by the terms of the OTA.

ARTICLE V Lessor shall retain all rights, title, and interests in, to, and under any impounds, deposits, escrows, or reserves held by Lessor under the terms of the Lease which impounds, deposits, escrows, or reserves may be applied to any outstanding obligations of Lessee Parties under the Lease.

ARTICLE VI As of the Effective Date, each of the Lessee Parties hereby release, remise and forever discharge Lessor, as well as their respective officers, members, directors, shareholders, members, managers, affiliates, agents, employees, servants, attorneys, representatives, subsidiaries, parents (direct or indirect) (collectively, the "Lessor Parties"), from any and all rights, claims, demands, actions, causes of action, losses, offsets, expenses and judgments, whether known or unknown, suspected or unsuspected, accrued or not accrued, which the Lessee has, may have or may claim to have against any of the Lessor Parties, including but not limited to any claims raised or which could have been raised in respect of the Lease or any Guaranty through the Effective Date; *provided, however*, that this release shall not be deemed to relinquish or release the obligations of the Lessor Parties under the terms of this Agreement.

ARTICLE VII As of the Effective Date, Lessor hereby releases, remises and forever discharges the Lessee Parties, as well as their respective Guarantors, officers, members, directors, shareholders, members, managers, affiliates, agents, employees, servants, attorneys, representatives, subsidiaries, parents (direct or indirect) (the "Lessee Released Parties") from any and all rights, claims, demands, actions, causes of action, losses, expenses and judgments, whether known or unknown, suspected or unsuspected, accrued or not accrued, which Lessor has, may have or may claim to have against any of the Lessee Released Parties, including but not limited to any claims raised or which could have been raised in respect of the Lease or any Guaranty (including but not limited to any Guaranty by Harden Healthcare Texas LP or its successor) through the Effective Date; *provided, however*, that this release shall not be deemed to relinquish or release the obligations of the Lessee Released Parties under the terms of this Agreement.

ARTICLE VIII The parties acknowledge that the terms and conditions of this Agreement are expressly conditioned upon the occurrence of the Effective Date. For the avoidance of

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any doubt, this Agreement is void in the event the Closing, as contemplated by the OTA, does not occur.

ARTICLE IX The parties further agree and acknowledge that the terms of this Agreement are contractual, and are not merely a recital. This Agreement shall be binding upon, and inure to the benefit of, each party and their heirs, successors, affiliates, subsidiaries, parents, officers, shareholders, directors, managers, members, partners, assigns, agents, servants, employees and attorneys.

ARTICLE X Each party hereby represents and warrants that, except for the granting by Lessor to Love Funding Corporation of a security interest in certain collateral, including but not limited to an assignment of Lessor's rights under the Lease and of all other property owned by the Lessor, (a) no other person or entity has, or has had, any interest in the claims, demands, obligations or causes of action referred to in this Agreement; (b) it (and in the case of Lessee Parties, subject to the approval of the Bankruptcy Court) has the sole right and exclusive authority to execute this Agreement; and (c) has not sold, assigned, transferred, conveyed or otherwise disposed of any of the rights, claims, demands, obligations, or causes of action referred to in this Agreement. Each party further represents that, subject to Love Funding Corporation's conditional consent to the release of rights, claims, demands, obligations and causes of action, as hereinafter set forth in this paragraph, it has the full power and authority to enter into this Agreement and is legally competent to enter into this Agreement. All representations, warranties, agreements, and waivers contained herein survive the consummation of this Agreement, and remain enforceable against the party to be charged. Love Funding Corporation conditionally consents to the release by the Lessor of rights, claims, demands, obligations, and causes of action as set forth in paragraph 7, above, if, but only if, on the Closing Date, as defined in the OTA, (i) all defaults under the loan from Love Funding Corporation to the Lessor are cured, including the payment all principal and interest due under the loan, replenishment of required escrows, and payment of all attorney fees and costs incurred by Love Funding in connection the bankruptcy cases of the Lessee Parties and the transfer of ownership to the New Operator under the OTA., and (ii) a new owner of the Facility has assumed all the obligations of Lessor and the New Operator has assumed all of the obligations of Lessee under the loans from Love Funding Corporation to Lessor on terms acceptable to Love Funding Corporation and HUD. Love Funding is not a party this Agreement but is executing this Agreement solely for the limited purpose of acknowledging its conditional consent to the release under paragraph 7, above, as described in this paragraph 10.

ARTICLE XI This Agreement, and the written agreements referenced herein, contains the full and complete agreement of the parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. Each party hereto expressly disclaims reliance upon any facts, promises, undertakings or representations made by any other party, or its/his agents or attorneys, prior to the execution of this Agreement. The parties further acknowledge that they may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the claims released herein, and each agrees that in such event, this

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Agreement shall nevertheless be and remain effective in all respects, notwithstanding such different or additional facts, or the discovery thereof.

ARTICLE XII The terms and conditions of this Agreement, constitute a contemporaneous, single, integrated transaction and are not several, such that a determination that one or more of such provisions is not enforceable shall render this Agreement null and void, thereby returning the parties to the status quo in effect immediately prior to this Agreement.

ARTICLE XIII This Agreement may not be modified, amended or waived except in a writing signed by all parties hereto. The waiver by one party of any breach of this Agreement by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

ARTICLE XIV The parties to this Agreement have had the benefit of counsel of their choice and have been afforded an opportunity to review this Agreement with their chosen counsel. To that end, the parties hereto have been represented by attorneys in negotiating and drafting this Agreement and the parties hereto have influenced the language of this Agreement. Therefore, this Agreement shall not be construed against any party to this Agreement by reason of drafting or authorship.

ARTICLE XV This Agreement, and the rights and obligations of the parties hereto, shall be governed, construed, interpreted and enforced in accordance with the domestic substantive laws of the State of Texas, without giving effect to any choice or conflicts of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

ARTICLE XVI During the period that Lessee Parties' current bankruptcy cases remain open, the parties hereto absolutely and irrevocably consent and submit to the exclusive jurisdiction of the Bankruptcy Court, in connection with any action(s) or proceeding(s) arising out of or relating in any way to this Agreement. In such action or proceeding, the parties hereby absolutely and irrevocably waive any objection to venue, it being agreed by the parties hereto that performance, in whole or in part, under the terms and conditions of this Agreement shall take place or occur in Texas. This Agreement is admissible in court in connection with any enforcement motion or otherwise subject to disclosure.

ARTICLE XVII Each party hereto shall bear its own costs, out-of-pocket expenses, and attorneys' fees incurred in the negotiations and execution of this Agreement.

ARTICLE XVIII In the event of any litigation to enforce this Agreement, the substantially prevailing party in such litigation shall be awarded its legal fees and expenses incurred in such action from the substantially non-prevailing party.

ARTICLE XIX The signatory for each party to this Agreement signing on behalf of each such party acknowledges and warrants that he/she is fully authorized and legally

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competent to execute this Agreement as the legal, valid and binding act and deed of such party, and is a duly authorized representative of such party.

ARTICLE XX This Agreement may be executed in one or more counterparts, any one of which shall be considered an original of this Agreement, but all of which shall be considered one and the same instrument.

ARTICLE XXI All parties agree to cooperate fully, execute any and all supplementary documents and take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Execution Date.

[NOTARIZED SIGNATURES TO FOLLOW ON SEPARATE PAGES]

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LESSOR:

SADDLEBACK SUNDANCE, LLC

By: _____
Name: W. Brian DeRoeck
Title: Manager

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

BEFORE ME, the undersigned authority, on this day personally appeared W. Brian DeRoeck of the above referenced entity, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of August, 2019.

_____
Notary Public in and for the
State of Texas

_____
Printed Name of Notary

My commission expires:
_____

SADDLEBACK PARK VALLEY, LLC

By: _____
Name: W. Brian DeRoeck
Title: Manager

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

BEFORE ME, the undersigned authority, on this day personally appeared W. Brian DeRoeck of the above referenced entity, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of August, 2019.

_____
Notary Public in and for the
State of Texas

_____
Printed Name of Notary

My commission expires:
_____

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LESSEE:
PM MANAGEMENT – PORTFOLIO IX NC, LLC
By: _____
Name:
Its:

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of the above referenced entity, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of August 2019.

_____
Notary Public in and for the
State of Texas

_____
Printed Name of Notary
My commission expires:
_____

LESSEE:

PM MANAGEMENT – PARK VALLEY NC, LLC
By: _____
Name:
Its:

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of the above referenced entity, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of August 2019.

_____
Notary Public in and for the
State of Texas

_____
Printed Name of Notary
My commission expires:

_____

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Love Funding is not a party this Agreement but is executing this Agreement solely for the limited purpose of acknowledging its conditional consent to the release under paragraph 7, above, as described in paragraph 10, above.

LOVE FUNDING CORPORATION
By: _____
Name: La Fonte Nesbitt
Its: Senior Vice President

DISTRICT OF COLUMBIA §

BEFORE ME, the undersigned authority, on this day personally appeared La Fonte Nesbitt, a Senior Vice President of the above referenced entity, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of August 2019.

_____
Notary Public in and for the
District of Columbia

_____
Printed Name of Notary
My commission expires:

_____

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Exhibit 7.1(o)

Required Consents

Bankruptcy Court Order approving the transactions contemplated in the OTA.

Approval by the State of Texas for the transfer of the license to operate the Facility

Exhibit 12.9

Notice

If to **Transferor** or SCC, addressed to:

Senior Care Centers, Inc.
600 Pearl Street, Suite 1100
Dallas, Texas 75201
Attn: General Counsel

With a copy to (which shall not constitute notice):

Polsinelli PC
401 Commerce Street, Suite 900
Nashville, Tennessee 37219
Attn: Bobby Guy, Esq.

If to **Transferee**, addressed to:

Park Valley Health Care Center Ltd. Co.
Attn: Joseph Bell
430 Park Ave, 7th Floor
New York, NY 10022
Email: JBell@LBBelon.com

With a copy to:

Cantex Continuing Care Network, LLC
2537 Golden Bear Drive
Carrollton, TX 75006
Attention: David Eriksen

or to such other address or to such other Person as either Party shall have last designated by such notice to the other Party.

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Exhibit B

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
Senior Care Centers, LLC, *et al.*,[1]	§	Case No. 18-33967 (BJH)
Debtors.	§	(Jointly Administered)

ORDER (I) APPROVING FORM OF OPERATIONS TRANSFER AGREEMENT, (II) AUTHORIZING TRANSFER OF THE OPERATIONS AND RELATED ASSETS OF A CERTAIN FACILITY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, AND (III) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**") of the debtors and debtors in possession (the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**") for entry of an order (this "**Order**") (i) approving the form of the Operations Transfer Agreement, (ii) authorizing the transfer of the Assets of the skilled nursing facility known as "Sundance Inn Health Center" located at 2034 Sundance Parkway, New Braunfels, Texas 78130 (the "**Facility**")

[1] The Debtors in the Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief* [Docket No. 569] and may also be found on the Debtors' claims agent's website at https://omnimgt.com/SeniorCareCenters. The location of the Debtors' service address is 600 North Pearl Street, Suite 1100, Dallas, Texas 75201.

from PM Management – New Braunfels NC, LLC (the "**Transferor**") to Comal Health Care Center Ltd. Co. (the "**New Operator**"), and (iii) granting related relief, all as more fully set forth in the Motion; and upon the record of the hearing on the Motion, if any; the Court having reviewed the Motion and the *Declaration of Kevin O'Halloran, Chief Restructuring Officer of Senior Care Centers, LLC, in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 25] (the "**First Day Declaration**"); and the Court having jurisdiction over this matter pursuant to 28 U.S.C. 157 and §§ 1334(b); and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Debtors consent to entry of a final order under Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given, under the circumstances, and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted as set forth herein.

2. All objections not resolved by the terms of this Order are hereby overruled.

3. The Operations Transfer Agreement (the "**OTA**"), any other ancillary documentation (the "**Transaction Documents**"), and the transactions contemplated by the foregoing, are approved.

4. The transfer of its Assets by the Transferor to the New Operator pursuant to the Transaction Documents and the transactions contemplated by the foregoing are approved.

5. The Debtors are prohibited from paying any obligations to their employees pursuant to the Transaction Documents, including but not limited to, any severance, retention bonus, or other change in control payment, unless this Court enters an order authorizing such payment. Any severance, retention bonus, or other change in control payment contemplated by the OTA that is payable because of any sale is limited to the extent required by applicable Bankruptcy law.

6. The transferred Assets exclude (i) any and all causes of action, claims, or rights of avoidance or recovery of any transfers or liens under chapter 5 of the Bankruptcy Code or applicable state law; and (ii) all D&O policies of Transferor or any of its affiliates and all rights of every nature and description under or arising out of such insurance policies, including the right to make claims thereunder, to the proceeds thereof.

7. The Debtors and the New Operator are authorized and empowered to enter into, and to perform all of their obligations under the Transaction Documents and take any acts, and to execute and perform such documents, including but not limited to any ancillary agreements, and take such other actions as are necessary, desirable, or reasonably required to effectuate the terms thereof.

8. Subject to paragraphs 9-11 of this Order, the Assets are transferred free and clear of all liens, claims, interests, or encumbrances, including but not limited to successor liability claims (the "**Encumbrances**"), provided, however, that for any party holding a secured interest in the Assets senior to any interest held by Saddleback Sundance, LLC and Saddleback Park Valley, LLC (collectively, the "**Landlord**") (or an ownership interest, if any third party owns any goods or equipment located at the Facility), the New Operator will receive such Assets subject to such interest unless such interest is satisfied in a manner agreed to by the holder

thereof or as otherwise determined by this Court. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to transfer the Assets to the New Operator in accordance with the terms of the OTA and this Order; provided, however, the Committee and any subsequently appointed liquidating trustee shall have reasonable access to records and information transferred by the Transferor.

9. Notwithstanding anything herein to the contrary, the transfer of the Assets pursuant to this Order shall not be free and clear of claims related to executory contracts or unexpired leases that are assumed and assigned to the New Operator, unless (i) the Debtors provide notice of an intention to assume and assign such executory contract to a New Operator, (ii) the New Operator cures any defaults, to the extent that any exist, relating to such contract, and (iii) the New Operator provides adequate assurance of the future performance of such contract. For the avoidance of doubt, all parties' rights are reserved regarding (i) whether a contract is assumable and/or assumable and assignable, (ii) the cure amount related to any executory contract, and (iii) the ability of the applicable New Operator to provide adequate assurance of future performance. For further avoidance of doubt, as to executory contract and unexpired leases that are assumed and assigned to the New Operator, the New Operator shall be assigned these executory contracts and unexpired leases free and clear of any and all claims other than the cure amounts determined by this Court.

10. Notwithstanding anything in this Order, the Motion, the OTA, or the Transaction Documents, (1) the Debtors and New Operator shall abide by all Social Security Administration ("**SSA**") statutes, regulations, rules, policies, and procedures, including, but not limited to, (a) the transfer of any account holding Social Security benefits, or (b) any New Operator's actions as

any beneficiary's representative payee; (2) nothing shall impair or affect SSA's authority, rights, claims or defenses under SSA statutes, regulations, rules, policies, and procedures; and (3) to the extent the Debtors may need to disclose information they possess solely by virtue of being organizational representative payees, the Debtors shall seek a protective order or request the information be sealed.

11. Notwithstanding anything in this Order, the Motion, the OTA, or the Transaction Documents, nothing releases, nullifies, precludes or enjoins the enforcement of any police or regulatory liability to a governmental unit arising from or related to the enforcement of any applicable police or regulatory law or regulation (including but not limited to those of the Texas Health and Human Services Commission, "**HHSC**") to which any entity would be subject to as the owner, operator or licensee of property from and after the date of the closing of the Sale. Nothing in this Order authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police and regulatory law. Further, nothing herein shall impair HHSC's rights to place a vendor hold on Medicaid receivables as part of any Change of Ownership process.

12. New Operator is not being assigned Transferors' Medicare Provider Agreements with the Secretary of the United States Department of Health and Human Services ("**HHS**"), acting through its designated component, the Centers for Medicare & Medicaid Services ("**CMS**") or the Medicaid provider agreements with the Texas Health and Human Services Commission ("**HHSC**") (collectively, the "**Provider Agreements**"), and liabilities arising under the Provider Agreements shall remain as the liabilities of the Debtors. Although the New Operator is not being assigned the Provider Agreements, for the sake of clarity, to the extent

owned by the Transferor, the New Operator is being assigned the Facility's Medicaid contracted bed allotments, to the extent allowed by applicable law.

13. This Order shall be binding upon and govern the acts of all persons and entities that received notice of the Motion, including but not limited to all creditors and stakeholders, any parties in interest, the Debtors and the New Operator, and each of those parties' respective successors and assigns, and may be relied upon by all filing agents, recording agencies, secretaries of state, and all other persons and entities who may be required by operation of law to accept, file, register, or otherwise record or release any documents or instruments.

14. Upon the closing of the transactions contemplated by the OTA and associated Transaction Documents (the "**Closing**"), such transactions shall constitute a legal, valid, and effective transfer of the Assets and shall vest the New Operator with all right, title, and interest of the Debtors in and to the Assets, free and clear of all Encumbrances except as expressly set forth herein.

15. No release or indemnification shall be granted in contravention of *Bank of N.Y. Trust Co. v. Off'l Unsecured Creditors' Comm. (In re Pacific Lumber Co.), 584 F.3d 229 (5th Cir. 2009)* or Bankruptcy Code section 524(e).

16. Certain equipment and/or vehicles ("**Wells Fargo Equipment**") that are subject to leases between certain of the Debtors and Wells Fargo Equipment Finance, Inc., Wells Fargo Bank dba Wells Fargo Equipment Finance, and/or Wells Fargo Financial Leasing, Inc. (collectively, "**Wells Fargo**") are, or may be, located at the Facility. Notwithstanding any other term or provision of this Order, subsequent to the transfer of the Assets to the New Operator, Wells Fargo shall retain its liens and interests in the Wells Fargo Equipment, which shall be transferred to the New Operator subject to such liens and interests, and any rights or interests of

the Debtors therein shall be deemed to be terminated following the effective date of the transfer to the New Operator. Wells Fargo and the New Operator may enter into such new equipment lease, lease assumption, or other transaction regarding the Wells Fargo Equipment to which such parties may mutually agree and, in the absence of such agreement, Wells Fargo shall be permitted to exercise its legal or contractual in rem rights and remedies with respect to the Wells Fargo Equipment, as to which the automatic stay shall be terminated upon Closing. With Wells Fargo's consent, the Debtors shall file a motion to formally assume or reject any contracts or leases pertaining to the Wells Fargo Equipment, in consultation with the New Operator, within ninety (90) days of the Closing.

17. The OTA Transfers and any Purchased Assets assigned to each New Operator, and the sale process conducted by the Debtors and each New Operator was non-collusive, fair and reasonable. All facets of the transactions completed under each OTA Transfer, including the purchase of the Purchased Assets, were proposed, conducted, adequately disclosed, negotiated, and agreed to at arm's length and in good faith within the meaning of, and pursuant to, Bankruptcy Code Section 363(m). Each New Operator and/or its assignee (if applicable), as transferee of the Purchased Assets, is a good faith purchaser under Bankruptcy Code Section 363(m) and, as such, is entitled to the full protection of Bankruptcy Code Section 363(m). The Sale of the Purchased Assets to each New Operator was not controlled by an agreement among potential bidders and no cause of action against any New Operator (or their officers, directors, employees, agents, independent contractors, and/or retained professionals) with respect to the Purchased Assets transferred to each New Operator under Bankruptcy Code Section 363(n), and any such claims under Bankruptcy Code Section 363(n) are hereby released, waived, and discharged. In the absence of a stay pending appeal, each New Operator will be acting in good

faith within the meaning of Bankruptcy Code Section 363(m) in closing the transactions contemplated in this Sale Order.

18. Neither the New Operator, Landlord, nor their respective affiliates, successors, or assigns shall be deemed, as a result of any action taken in connection with the transaction to: (i) be a successor to the Debtors; (ii) have, *de facto* or otherwise, merged with or into the Debtors; (iii) be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors; (iv) be acquiring or assuming or liable for any liability, warranty, or other obligation of the Debtors, except to the extent expressly assumed in the OTA, or as set forth in paragraphs 9-11 of this Order. Except as expressly provided in the OTA or as set forth in paragraphs 9-11 of this Order, neither the New Operator nor Landlord are assuming nor shall they in any way be liable or responsible, as successor or otherwise, for any claims, causes of action, taxes, liabilities, debts, obligations, or Encumbrances of the Debtors or their estates of any kind or character in any way whatsoever relating to or arising from the Assets or the Debtors' operation or use of the Assets prior to the Closing, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent. Further, other than as set forth in paragraphs 9-11 of this Order, all persons and entities are enjoined from (i) taking any action against the New Operator or Landlord to recover any claim which such person or entity had against any of the Debtors or any of the Debtors' subsidiaries, affiliates, directors, officers, agents, representatives, employees, investors, owners, shareholders, partners, or joint venturers, and (ii) pursuing Encumbrances against the Assets.

19. To the extent that the New Operator has not received the necessary licenses, evidence of licenses, and/or other regulatory approvals (including but not limited to, Medicare provider agreements to the extent required by applicable law or regulation) to operate the Facility

prior to Closing, the Debtors and the New Operator, after consent of the Committee or any subsequently appointed liquidating trustee, are hereby authorized to enter into any management or other agreement necessary for continuity of resident care, and this shall not create or effectuate any liability for prior obligations of Debtors, whether successor liability or otherwise.

20. The terms of the OTA and any ancillary Transaction Documents may be waived, modified, amended, or supplemented by the written and signed agreement of the Debtors and the New Operator without further action of the Court; *provided, however*, that, in the Debtors' business judgment any such waiver, modification, amendment, or supplement is not material or is not adverse to the Debtors' estates, and the Committee or subsequently appointed liquidating trustee has consented, and provided further that any such waiver, modification, amendment, or supplement must be shared with the affected Objecting Parties prior to its entry or effectiveness, and the Debtors, the New Operator, and Landlord are directed to engage in good faith with such affected Objecting Parties to address any concerns they may have. To the extent the Debtors, the New Operator, Landlord, and the affected Objecting Parties are unable to resolve any issues or differences as to the terms of any waiver, modification, amendment, or supplement to the OTA and any ancillary Transaction Documents, the Debtors shall seek appropriate supplemental relief or adjudication by this Court, and/or the approval of any such revised terms.

21. Notwithstanding anything in the Sale Order, the OTAs, or any attachment or exhibit thereto, the Debtors, the New Operator, and Landlord shall abide by all HUD statutes, regulations, policies, procedures, rules, and regulatory agreements with respect to changes in the operator of the Park Valley Inn Health Center if subject to a HUD insured mortgage. Notwithstanding anything in the Sale Order, the OTAs, or any attachment or exhibit thereto, nothing shall impair or affect HUD's authority under its statutes, regulations, policies,

procedures, rules, or regulatory agreements, including, but not limited to, enforcement and administrative actions and proceedings related to the Park Valley Inn Health Center.

22. This Court retains jurisdiction to enforce the provisions of this Order and the Transaction Documents, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, to resolve any dispute concerning this Order, the Transaction Documents, or the rights and duties of the parties hereunder or thereunder or any issues relating to the Transaction Documents, and any related agreements and this Order.

23. Notwithstanding any applicable Bankruptcy Rule or Local Bankruptcy Rule to the contrary, this Order is effective and enforceable immediately upon entry, no stay applies, and the Debtors may complete the transactions contemplated hereby immediately. This Order is intended to be, and in respects shall be, a final order regarding the relief granted herein, and shall not be an interim order.

24. To the extent any provisions of this Order conflict with the terms and conditions set forth in the Motion or the Transaction Documents, this Order shall govern and control.

25. Except as otherwise expressly provided for herein, the provisions of this Order shall not be affected by, and shall continue to be binding in, any subsequent chapter 7 proceeding, dismissal, appointment of a trustee or examiner, or chapter 11 plan, and the Debtors or their successors and assigns shall continue to carry out any further assurances and obligations under the Transaction Documents. Further, any chapter 7 trustee or other fiduciary (including but not limited to any party appointed pursuant to any chapter 11 plan) shall not interfere with, and shall cooperate with the New Operator, in effectuating the terms of the OTA and related Transaction Documents.

END OF ORDER

Order submitted by:

POLSINELLI PC

/s/ Trey A. Monsour
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-and-

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