

ORIGINAL

11-009

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- May 2010 Edition

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

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FEB 07 2011

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

HEALTH FACILITIES &
SERVICES REVIEW BOARD

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Sedgebrook Health Center
Street Address: 800 Audubon Way
City and Zip Code: Lincolnshire 60069
County: Lake Health Service Area 8 Health Planning Area: Lake

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Lincolnshire Senior Care, LLC
Address: 800 Audubon Way, Lincolnshire, Illinois 60069
Name of Registered Agent: C T CORPORATION SYSTEM
Name of Chief Executive Officer: David Reis
CEO Address: 500 Mamaroneck Avenue, Harrison, New York 10528
Telephone Number: 203-222-6262

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

- Corporations and limited liability companies must provide an Illinois certificate of good standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENTS IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: Edward Clancy
Title: Attorney
Company Name: Ungaretti & Harris
Address: 70 W. Madison Suite 3500, Chicago, IL 60602
Telephone Number: 312-977-4487
E-mail Address: eclancy@uhl.com
Fax Number: 312-523-2687

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: Meredith Leigh
Title: Compliance Coordinator
Company Name: Life Care Services
Address: 400 Locust Street, Suite 820, Des Moines, Iowa 50309-2334
Telephone Number: 515.875.4730
E-mail Address: Leigh, Meredith [leighmeredith@lcsnet.com]
Fax Number: 515.875.4780

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Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3800.]

Name: Denise deFiebre
Title: Vice President
Company Name: Senior Care Development
Address: 500 Mamaroneck Avenue, Harrison, New York 10528
Telephone Number: 203-222-6262
E-mail Address: ddefiebre@seniorcaredvelopment.com
Fax Number: 914-381-1515

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Lincolnshire Senior Care, LLC
Address of Site Owner: 800 Audubon Way, Lincolnshire, Illinois 60069
Street Address or Legal Description of Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Lincolnshire Senior Care, LLC
Address: 800 Audubon Way, Lincolnshire IL 60069
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification: <input checked="" type="checkbox"/> Substantive <input type="checkbox"/> Non-substantive	Part 1120 Applicability or Classification: [Check one only.] <input type="checkbox"/> Part 1120 Not Applicable <input type="checkbox"/> Category A Project <input checked="" type="checkbox"/> Category B Project <input type="checkbox"/> DHS or DVA Project
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2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Lincolnshire Senior Care, LLC ("Applicant") owns Sedgebrook Health Center ("Sedgebrook"), a 44 bed licensed long-term care facility located in an existing continuing care retirement community. The continuing care retirement community is located at 800 Audubon Way, Lincolnshire, Illinois 60069.

Applicant is applying to establish 88 skilled nursing beds (the "Project"), 44 of which will replace the 44 beds currently existing at the facility. In addition, applicant seeks to add an additional 44 skilled nursing beds for a total of 88 skilled nursing beds. The Illinois Department of Public Health ("IDPH") has identified in its "Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update, dated January 18, 2011, indicates a need for 293 additional long-term care beds in Health Service Area 008 and a need for 59 additional long-term care beds in the Lake County Health Planning Area.

Upon approval of the certificate of need ("CON") permit application, Applicant will replace the 44 currently existing beds with 88 unrestricted beds. In that way, Applicant will be able to admit residents from outside its resident community, as well as from inside the resident community, and help fill the bed need that IDPH has identified. The proposed activity will not negatively affect the quality or quantity of services that Applicant currently provides.

This is a substantive project, as 77 Ill. Admin. Code 1110.40 does not classify it as either an emergency or non-substantive project. The Project is further classified a Category B project because it proposes to establish a new category of service or health care facility.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies	\$50,000		\$50,000
Architectural/Engineering Fees	\$100,000		\$100,000
Consulting and Other Fees	\$30,000		\$30,000
Movable or Other Equipment (not in construction contracts)	\$400,000		\$400,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)	\$1,010,000	\$140,000	\$1,150,000
TOTAL USES OF FUNDS	\$1,590,000	\$140,000	\$1,730,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,590,000	\$140,000	\$1,730,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$1,590,000	\$140,000	\$1,730,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Purchase Price:	\$ <u>800,000</u>	
Fair Market Value:	\$ <u>N/A</u>	
The project involves the establishment of a new facility or a new category of service		
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>\$12,068,362</u>		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:	
<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>12/31/2011</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.	
APPEND DOCUMENTATION AS ATTACHMENTS IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM	

State Agency Submittals

Are the following submittals up to date as applicable:	
n/a	<input type="checkbox"/> Cancer Registry
n/a	<input type="checkbox"/> APORS
	<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
	<input checked="" type="checkbox"/> All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.	

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							
APPEND DOCUMENTATION AS ATTACHMENT 8 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM							

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed Incomplete.

FACILITY NAME: Sedgebrook Health Center			CITY: Lincolnshire, Illinois		
REPORTING PERIOD DATES: From: 1/1/2010 to: 12/31/2010					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	44	201	8,983	Discontinue: 44 Establish: 88	88
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	44	201	8,983	Discontinue: 44 Establish: 88	88

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of SEDEBROOK HEALTH CENTER *
 in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act.
 The undersigned certifies that he or she has the authority to execute and file this application for
 permit on behalf of the applicant entity. The undersigned further certifies that the data and
 information provided herein, and appended hereto, are complete and correct to the best of his or
 her knowledge and belief. The undersigned also certifies that the permit application fee required
 for this application is sent herewith or will be paid upon request.

[Signature]
 SIGNATURE

 SIGNATURE

DAVID BEIS
 PRINTED NAME

 PRINTED NAME

CEO of Senior Care Development,
 it's manager
 PRINTED TITLE

 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this 21st day of January, 2011

Notarization:
 Subscribed and sworn to before me
 this ____ day of _____

[Signature]
 Signature of Notary

 Signature of Notary

Seal **TERESA BERNARDI**
Notary Public, State of New York
No. 01BE6187450
Qualified in Westchester County
Commission Expires May 19, 2012

Seal

*Insert EXACT legal name of the applicant.

SECTION II. DISCONTINUATION

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT 12. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Criterion 1110.1730 - General Long Term Care

1. Applicants proposing to establish, expand and/or modernize General Long Term Care must submit the following information:

Indicate bed capacity changes by Service:
action(s):

Indicate # of beds changed by

Category of Service	# Existing Beds	# Proposed Beds
<input checked="" type="checkbox"/> General Long Term Care	44	88

2. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care- Establish or Expand	Defined Population Establish or Expand
1110.1730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X				
1110.1730(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X			
1110.1730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X				
1110.1730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X			
1110.1730(b)(5) - Planning Area Need - Service Accessibility	X				
1110.1730(c)(1) - Description of Continuum of Care				X	
1110.1730(c)(2) - Components				X	
1110.1730(c)(3) - Documentation				X	
1110.1730(d)(1) - Description of Defined Population to be Served					X
1110.1730(d)(2) - Documentation of Need					X
1110.1730(d)(3) - Documentation Related to Cited Problems			X		
1110.1730(e)(1) - Unnecessary Duplication of Services	X				
1110.1730(e)(2) - Maldistribution	X				
1110.1730(e)(3) - Impact of Project on Other Area Providers	X				
1110.1730(f)(1) - Deteriorated Facilities			X		
1110.1730(f)(2) & (3) - Documentation			X		

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care- Establish or Expand	Defined Population Establish or Expand
1110.1730(f)(4) - Utilization			X		
1110.1730(g) - Staffing Availability	X	X		X	X
1110.1730(h) - Facility Size	X	X	X	X	X
1110.1730(i) - Community Related Functions	X		X	X	X
1110.1730(j) - Zoning	X		X	X	X
1110.1730(k) - Assurances	X	X	X	X	X
APPEND DOCUMENTATION AS ATTACHMENT-28 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.					

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

\$1,730,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$1,730,000	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT 39 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE											
Department (list below)	A	B	C		D		E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)			
Contingency											
TOTALS											

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 42 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for **ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS**:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 43 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 44 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	22-23
2	Site Ownership	24-109
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	109-113
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	114
5	Flood Plain Requirements	115-117
6	Historic Preservation Act Requirements	118
7	Project and Sources of Funds Itemization	119
8	Obligation Document if required	120
9	Cost Space Requirements	121
10	Discontinuation	122-123
11	Background of the Applicant	124-125
12	Purpose of the Project	127-128
13	Alternatives to the Project	129-131
14	Size of the Project	132-136
15	Project Service Utilization	137-138
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	N/A
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	139-186
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	N/A
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
39	Availability of Funds	187-188
40	Financial Waiver	189-191
41	Financial Viability	192
42	Economic Feasibility	193-196
43	Safety Net Impact Statement	197
44	Charity Care Information	198-200

ATTACHMENT 1

TYPE OF OWNERSHIP – CERTIFICATE OF GOOD
STANDING



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

LINCOLNSHIRE SENIOR CARE, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON OCTOBER 04, 2010, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1102701480

Authenticate at: <http://www.cyberdrvtellinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JANUARY A.D. 2011

Jesse White

SECRETARY OF STATE

ATTACHMENT 2

SITE OWNERSHIP – PROOF OF OWNERSHIP

This instrument prepared by and after recording return to:
C. Craig Dolly, Jr.
DLA Piper LLP (US)
203 N. LaSalle Street, Suite 1900
Chicago, Illinois 60601

Send future tax bills to:
Lincolnshire Senior Care, LLC
c/o Senior Care Development, LLC
234 Church Street, Suite 901
New Haven, CT 06510

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made the 18th day of November, 2010. **LINCOLNSHIRE CAMPUS, LLC**, a Maryland limited liability company, having an address of 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Grantor"), in accordance with that certain Order Authorizing and Approving (I) the Sale of Substantially All of the Debtors' Assets to Senior Care Development, LLC; (II) the Procedures Governing the Assumption and Assignment of Contracts; and (III) Related Relief (the "Sale Order"), entered on September 24, 2010 in Chapter 11 bankruptcy case number 10-34176 in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Case"), a copy which Sale Order is attached as Exhibit C hereto and made a part hereof, and that certain Findings of Fact, Conclusions of Law, and Order (i) Approving the Debtor's Disclosure Statement and (ii) Confirming The Debtor's Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code For Case No. 10-34176 (the "Plan Confirmation") filed in the Bankruptcy Case, a copy of which Plan Confirmation is attached as Exhibit D hereto and made a part hereof, for and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid, by theses presents does **REMISE, RELEASE, ALIENATE AND CONVEY** to **LINCOLNSHIRE SENIOR CARE, LLC**, a Delaware limited liability company, having an address of 800 Audubon Way, Lincolnshire, Illinois 60069 ("Grantee"), forever, the following described real estate situated in the County of Lake in the State of Illinois, to wit:

See Exhibit A attached hereto and made a part hereof.

Together with all and singular hereditaments and appurtenances belonging there, or in anyway appertaining, and the reversion or reversions, remainder or remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim or demand whatsoever, of the Grantor, either at law or in equity of, in and to the above-described premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises as described above, with the appurtenances, unto the Grantee, forever.

And the Grantor, for itself and its successors, does covenant, promise and agree to and with the Grantee and its successors that, except as set forth on Exhibit B attached hereto and made a part hereof, it has not done or suffered to be done, anything whereby the said premises hereby granted are, or may be, in any manner encumbered or charged, except as herein recited; and that it is lawfully seized of said real estate in fee simple; and that it has good right and lawful authority to sell and convey said real estate; and that it WILL WARRANT AND DEFEND, said premises against all persons lawfully claiming, or to claim the same, by, through or under it, subject only to those matters listed on Exhibit B attached hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, this Deed has been executed by Grantor under seal on and as of the date first above written

GRANTOR:

LINCOLNSHIRE CAMPUS, LLC

By: Paul Rundell

Name: Paul Rundell

Its: Chief Restructuring Officer

STATE OF Illinois)
) SS.
COUNTY OF Lake)

I, Maureen G. Wener a Notary Public in and for said County in the State aforesaid, do hereby certify that Paul Rundell, the Chief Restructuring Officer of Lincolnshire Campus, LLC, a Maryland limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered such instrument as his own free and voluntary acts for the uses and purposes set forth therein.

GIVEN under my hand and notarial seal this 17th day of November, 2010.

Maureen G. Wener
Notary Public

My Commission expires:

January 20, 2014



This transaction is exempt under 35 ILCS 200/31-45(i).

Date: November 18, 2010

LINCOLNSHIRE CAMPUS, LLC

By: Paul Rundell

Name: Paul Rundell

Its: Chief Restructuring Officer

[Signature Page to Special Warranty Deed]

EXHIBIT A

LEGAL DESCRIPTION

[See Attached.]

EXHIBIT A

Legal Description for Sedgebrook

LOT 1 IN SEDGEBROOK SUBDIVISION, BEING A SUBDIVISION OF PART OF THE
SOUTHEAST 1/4
OF SECTION 22 AND OF THE SOUTHWEST 1/4 OF SECTION 23 AND OF THE NORTHWEST
1/4 OF
SECTION 26 AND OF THE NORTHEAST 1/4 OF SECTION 27, ALL IN TOWNSHIP 43 NORTH,
RANGE
11 EAST OF THE THIRD PRINCIPAL MERIDIAN, LAKE COUNTY, ILLINOIS, ACCORDING TO
THE
PLAT THEREOF RECORDED OCTOBER 5, 2005 AS DOCUMENT NUMBER 5870940.

Commonly known as: 901 Milwaukee Avenue, Lincolnshire, Illinois 60069-3801

PINs: 15-23-302-001
15-22-406-000

EXHIBIT B
PERMITTED EXCEPTIONS

[To be completed.]

EXHIBIT B

Permitted Exceptions

1. GRANT OF EASEMENT DATED DECEMBER 13, 1985 AND RECORDED MARCH 24, 1986 AS DOCUMENT 2428651, BETWEEN THE FIRST NATIONAL BANK OF SKOKIE AS TRUSTEE UNDER TRUST NUMBER 5310, THE GRANTOR, AND TOWER PARKWAY ASSOCIATES, AND THE VILLAGE OF LINCONSHIRE, AN ILLINOIS MUNICIPAL CORPORATION, THE GRANTEES WHEREIN THE GRANTOR GIVES THE GRANTEE A 6 FOOT NON EXCLUSIVE ACCESS EASEMENT OVER THE FOLLOWING DESCRIBED REAL ESTATE:

THAT PART OF SECTION 23 AND 28, TOWNSHIP 43 NORTH RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION BEING SUBDIVISION IN SECTION 26, TOWNSHIP 43 NORTH, RANGE 11, WITH THE CENTERLINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE CENTERLINE OF MILWAUKEE AVENUE 1203.4 FEET TO THE CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD 50.09 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE, BEING THE POINT OF BEGINNING OF THE EASEMENT HEREIN INTENDED TO BE DESCRIBED, THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE 950 FEET; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 8.01 FEET; THENCE SOUTH 14 DEGREES, 48 MINUTES, 02 SECONDS EAST 950 FEET TO THE CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE SOUTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 6.01 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE BEING THE POINT OF BEGINNING IN LAKE COUNTY, ILLINOIS.
(AFFECTS THE WESTERLY 6 FEET OF THE SOUTHERLY 950 FEET OF THE LAND)

2. 20 FOOT SANITARY SEWER EASEMENT ALONG THE SOUTHERLY AND EASTERLY LINES OF THE LAND, AS DISCLOSED BY PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
3. RIGHTS OF VARIOUS UTILITIES TO MAINTAIN FACILITIES ALONG THE NORTHEASTERLY, WESTERLY AND SOUTHERLY LOT LINES, AS DEPICTED ON THE PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
4. GRANT OF A 20 FOOT SEWER EASEMENT DATED DECEMBER 13, 1976 AND RECORDED AUGUST 30, 1977 AS DOCUMENT NO. 1861549 MADE BY AND BETWEEN THE FIRST NATIONAL BANK OF SKOKIE, AS TRUSTEE UNDER TRUST NUMBER 5310 AND THE VILLAGE OF LINCOLNSHIRE OVER THE FOLLOWING LAND:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION, BEING A SUBDIVISION IN SECTION 26, TOWNSHIP 43 RANGE 11, WITH THE CENTER LINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES 48 MINUTES 02 SECONDS WEST ALONG THE CENTER LINE OF MILWAUKEE AVENUE, 1203.4 FEET TO THE CENTER LINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES 36 MINUTES 8 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD, 1478.42 FEET TO THE PLACE OF BEGINNING OF THE CENTER LINE OF EASEMENT HEREIN INTENDED TO BE DESCRIBED;

THENCE NORTH 0 DEGREES 11 MINUTES 22 SECONDS EAST, 872.19 FEET;
THENCE NORTH 19 DEGREES 04 SECONDS 00 MINUTES EAST, 661.86 FEET TO A
POINT ON THE CENTER LINE OF NORTH MILL ROADWHIC IS 1900.74 FEET
SOUTHEASTERLY (AS MEASURED ALONG THE CENTER LINE OF SAID ROAD)
FROM THE WEST LINE OF SAID SECTION 23, AND WHICH IS THE NORTHERLY
TERMINUS OF THE 20 FOOT WIDE EASEMENT HEREIN INTENDED TO BE
DESCRIBED, IN LAKE COUNTY, ILLINOIS.

5. ORDINANCE NO. 03-1863-40, ANNEXING THE LAND TO THE VILLAGE OF LINCOLNSHIRE RECORDED NOVEMBER 17, 2003 AS DOCUMENT 5434458.
6. VILLAGE OF LINCOLNSHIRE ORDINANCE NO. 04-1905-21 RECORDED AUGUST 20, 2004 AS DOCUMENT 5628300 AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW MODIFICATIONS TO THE OVERALL CAMPUS DESIGN AND TO ALLOW INTEGRATED PARKING STRUCTURES.
7. THE LAND LIES WITHIN THE BOUNDARIES OF VILLAGE OF LINCOLNSHIRE SPECIAL SERVICE AREA NUMBER 1 AS DISCLOSED BY ORDINANCE RECORDED OCTOBER 29, 2004 AS DOCUMENT 5672728 AND ORDINANCE RECORDED OCTOBER 29, 2004 AS DOCUMENT 5672731 ISSUING SEPCIAL SERVICE AREA NUMBER 1 SPECIAL TAX BONDS SERIES 2004, AND IS SUBJECT TO ADDITIONAL TAXES UNDER THE TERMS OF SAID ORDINANCE AND SUBSEQUENT RELATED ORDINANCES.
8. FLOODPLAIN EASEMENT AND STORMWATER MANAGEMENT EASEMENT, AND BLANKET EASEMENT FOR STORM SEWER AND OVERLAND FLOW, AND THE RESTRICTIVE COVENANTS AND USE RESTRICTONS RELATING THERETO, CONTAINED IN THE PLAT OF EASEMENT RECORDED JULY 8, 2004 AS DOCUMENT NO. 5596461.
SEE PLAT FOR EXACT LOCATIONS OF EASEMENTS.
9. TERMS AND PROVISIONS OF AN ORDINANCE AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW THE EXPANSION OF PARKING DECK 1.0 SERVING NEIGHBORHOOD NO. 1 OF THE SEDGEBROOK CONTINUING CARE RETIREMENT CAMPUS (ERICKSON RETIREMENT COMMUNITIES), RECORDED AUGUST 20, 2004, AS DOCUMENT NUMBER 5628298.
10. DECLARATION OF CONSENT TO PAYMENT OF REAL ESTATE PROPERTY TAXES LEVIED AND EXTENDED PURSUANT TO LAW DATED MAY 19, 2005 AND RECORDED MAY 25, 2005 AS DOCUMENT 5787958 BY CNL RETIREMENT ER5, LP, A DELAWARE LIMITED PARTNERSHI, AND THE TERMS, PROVISIONS, COVENANTS AND CONDITIONS CONTAINED THEREIN.
11. "AREA RESERVED FOR FUTURE R.O.W. DEDICATION TO THE VILLAGE OF LINCOLNSHIRE", AS NOTED ON THE PLAT OF SUBDIVISION RECORDED OCTOBER 5, 2005 AS DOCUMENT NUMBER 5870940, AFFECTING THE NORTHWEST CORNER OF THE LAND.
12. BUILDING LINE(S) AS SHOWN ON THE PLAT OF SUBDIVISION RECORDED AS DOCUMENT NO. 5870940, AFFECTING THE NORTH 100 FEET, THE EAST 50 FEET, THE SOUTH 50 FEET AND THE WEST 100 FEET OF THE LAND.
13. 25 FOOT AREA RESERVED FOR FUTURE RIGHT OF WAY DEDICATION TO THE ILLINOIS DEPARTMENT OF TRANSPORTATION AS DEPICTED ALONG MILWAUKEE AVENUE ON PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.

14. 25 FOOT PARKING SETBACK LINE ALONG THE SOUTHERLY PART OF THE LAND AS SHOWN ON PLAT OF SEDGEBROOK SUBDIVISION, RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.
15. EASEMENT IN FAVOR OF THE VILLAGE OF LINCOLNSHIRE FOR THE PURPOSE OF HIKING AND RECREATIONAL PATH, AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED/FILED OCTOBER 25, 2005 AS DOCUMENT NO. 5870940 AFFECTING THE SOUTHERLY AND EASTERLY PARTS OF THE LAND, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.
16. BLANKET EASEMENT FOR WATERMAIN & WATER METER ACCESS AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940:

AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE VILLAGE OF LINCOLNSHIRE AND THEIR SUCCESSORS AND ASSIGNS, IN, UPON, ACROSS, OVER, UNDER AND THROUGH THAT PART OF LOT 1 AS DEFINED IN SURVEYOR'S NOTE 1 TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN UNDERGROUND WATER MAINS WITH ALL NECESSARY MANHOLES, WATER VALVES, AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THE SUBDIVISION WITH WATER SERVICE; THE RIGHT TO ENTER UPON THE LOT AT ALL TIMES TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN WITHIN SAID EASEMENT AREA SAID MANHOLES, WATER VALVES, AND OTHER EQUIPMENT; AND FINALLY THE RIGHT IS HEREBY GRANTED TO CUT DOWN AND REMOVE, OR TRIM AND KEEP TRIMMED, ANY TREES, SHRUBS, OR SAPLINGS THAT INTERFERE OR THREATEN TO INTERFERE WITH SAID WATERMANS AND FACILITIES. IT IS FURTHER UNDERSTOOD THE ABOVE EASEMENTS SHALL BE NON-EXCLUSIVE. HOWEVER, NO PERMANENT BUILDINGS, ACCESSORY BUILDINGS, SHEDS OR OTHER STRUCTURES SHALL BE PLACED IN BLANKET EASEMENTS.

SURVEYORS NOTES:

1. A BLANKET EASEMENT FOR WATERMAIN AND WATER METER ACCESS IS HEREBY GRANTED OVER ALL OF LOT 1, EXCEPT FOR THE FOLLOWING AREAS WHICH ARE EXCLUDED FROM THE BLANKET EASEMENT:
 - A) THE AREA WITHIN THE FLOODPLAIN EASEMENT
 - B) THE AREA WITHIN THE STORM WATER MANAGEMENT EASEMENT
 - C) THE AREA WITHIN THE DESIGNATED NON-EASEMENT AREAS IN THE APPROXIMATE LOCATION SHOWN HEREON AND AS DEFINED BELOW.
 - D) THE AREA WITHIN THE HIKING AND RECREATIONAL PATH EASEMENT GRANTED HEREON TO THE LAKE COUNTY FOREST PRESERVE DISTRICT
2. THE LIMITS OF THE DESIGNATED NON-EASEMENT AREAS WILL BE A 3 FOOT ENVELOPE MEASURED FROM THE OUTSIDE FACE OF THE CONSTRUCTED BUILDINGS, ENCOMPASSING THE BUILDING AND THE 3 FOOT AREA. (APPROXIMATE LIMITS OF THE NON-EASEMENT AREAS HAVE BEEN SHOWN HEREON BASED ON THE "SEDGEBROOK PHASE 1A SITE WORK" LAST DATED JUNE 23, 2004).
17. EASEMENT IN FAVOR OF COMCAST OF CALIFORNIA/ILLINOIS, LP, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE

AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. 6013822.

18. EASEMENT IN FAVOR OF THE LAKE COUNTY FOREST PRESERVE DISTRICT FOR THE PURPOSE OF INSTALLING AND MAINTAINING A PUBLIC TRAIL CORRIDOR, GRANTED BY PLAT OF EASEMENT RECORDED/FILED FEBRUARY 27, 2006 AS DOCUMENT NUMBER 5953269, AND TRAIL EASEMENT AGREEMENT RECORDED/FILED APRIL 26, 2006, AS DOCUMENT NO. 5983517, AFFECTING THE SOUTHEASTERLY PART OF THE LAND, AS MORE SPECIFICALLY DESCRIBED ON EXHIBIT 2 ATTACHED THERETO, AND DEPICTED ON THE PLAT ATTACHED AS EXHIBIT 3 THERETO, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.
19. TERMS AND CONDITIONS CONTAINED IN THE MAINTENANCE AND HOLD HARMLESS COVENANT DATED OCTOBER 26, 2007 AND RECORDED NOVEMBER 1, 2007 AS DOCUMENT NO. 6264391.
20. EXISTING UNRECORDED LEASES AS DISCLOSED BY RENT ROLL ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONNECTION WITH THE CLOSING AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.
21. RIGHTS OF PARTIES, IF ANY, UNDER RESIDENCE AND CARE AGREEMENTS AS SHOWN ON EXHIBIT "A" ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONNECTION WITH THE CLOSING AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER SAID AGREEMENT.

EXHIBIT C

ORDER

[See Attached.]

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF TEXAS

CERTIFIED COPY

I, Anya Jones, Clerk of the United States Bankruptcy Court, certify

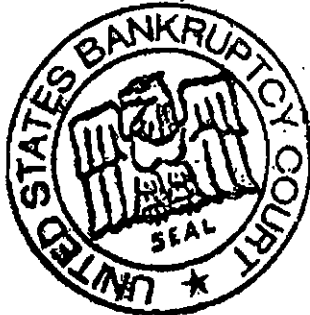
that the attached is a true and full copy of page(s) 1 through 18 of the original

Order Authorizing and Approving (I) the sale of
substantially all of the debtors' assets to Senior Care
development, LLC; (II) the procedures governing the
assumption and assignment of contracts; and (III) related ^{relief}

now existing among the records of this Court.

In testimony whereof I sign my name, and affix the seal of this Court at

Dallas City, in this State, on 11/15/2010 Date



Tawana C. Marshall
Clerk of the Bankruptcy Court

I hereby certify that the foregoing is a true copy of the original thereof now in my office this the 15th day of November 2010 at Dallas, Texas
Tawana C. Marshall, Clerk
United States Bankruptcy Court
Northern District of Texas

By Anya Jones Deputy Clerk
(By) Deputy Clerk

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
ENTERED
TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET



The following constitutes the ruling of the court and has the force and effect therein described.


United States Bankruptcy Judge

Signed September 24, 2010

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

In re:	§	Case No. 10-34176
LINCOLNSHIRE CAMPUS, LLC, <i>et al.</i> , ¹	§	Chapter 11
Debtors.	§	Joint Administration

ORDER AUTHORIZING AND APPROVING (I) THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS TO SENIOR CARE DEVELOPMENT, LLC; (II) THE PROCEDURES GOVERNING THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS; AND (III) RELATED RELIEF²

Upon the motion of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 105(a), 363 and 365 of title 11 of the United States Code (the "Bankruptcy Code") and Federal Rules of Bankruptcy Procedure 2002, 6004, 9007 and 9014 (the "Bankruptcy Rules"), for entry of an order authorizing and approving, among other things, the sale of substantially all of the Debtors' assets to Senior Care Development, LLC or its

¹ The Debtors in these chapter 11 cases are (a) Lincolnshire Campus, LLC, Case No. 10-34176, (b) Naperville Campus, LLC, Case No. 10-34177, (c) Monarch Landing, Inc., Case No. 10-34179, and (d) Sedgebrook, Inc., Case No. 10-34178. An order granting joint administration of the Debtors' cases was entered on June 24, 2010.

² Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

EASTW43572299.7

designee(s) ("SCD") free and clear of all liens, Claims and Encumbrances (as defined below) and related relief (Docket No. 35) (as amended, the "Motion");³ and the Order Approving Bid Procedures and Providing Certain Bid Protections to Senior Care Development, LLC and Granting Related Relief (Docket No. 203) (the "Bid Procedures Order"); and it appearing that due and appropriate notice of the Motion, the Bid Procedures Order, the Bid Procedures, the Auction and the Sale Hearing having been given; and it appearing that no other notice of the relief granted by this Order need be given; and the Court having conducted a hearing on the Motion on September 21, 2010 (the "Sale Hearing") at which time all interested parties were offered an opportunity to be heard with respect to the Motion; and the Debtors having conducted a marketing process in compliance with the Bid Procedures Order and determined that SCD has submitted the highest and best bid for the assets of the Debtors that SCD has offered to purchase as more specifically described in the APA (the "APA Assets"); and all parties in interest having been heard, or having had the opportunity to be heard, regarding entry of this Order and approval of the Sale Transaction and APA; and this Court being fully advised in the premises; this Court, based upon the arguments, testimony and evidence presented to it, hereby makes the following findings of fact and conclusions of law:

A. This Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

B. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). To any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure as made applicable by Bankruptcy Rule 7054, this Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein.

³ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion or the APA. A copy of the APA is attached as Exhibit 1 hereto.

C. This proceeding is a "core proceeding" within the meaning of 28 U.S.C. § 157(b)(2)(A), (N) and (O).

D. The statutory predicates for the Motion are sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 9007 and 9014.

E. As evidenced by the affidavits of service filed with the Court, and based upon the representations of counsel at the Sale Hearing, (i) proper, timely and adequate notice of the Motion, the Bid Procedures Order, the Sale Hearing, the Sale Transaction, the Auction and the Bid Deadline as approved herein has been provided in accordance with Bankruptcy Rules 2002, 6004, 9007 and 9014, (ii) such notice was good, sufficient and appropriate under the circumstances and (iii) no other or further notice of the Motion, the Bid Procedures Order, the Sale Hearing, the Sale Transaction, the Auction or the Bid Deadline as provided herein is necessary or shall be required.

F. A reasonable opportunity to object or be heard with respect to the Motion and the Sale Transaction has been afforded to all interested persons and entities, including, without limitation: (i) the U.S. Trustee, (ii) counsel for the Buyer, (iii) counsel for the committee, if any, (iv) counsel to the Debtors' prepetition secured lenders, (v) all entities known by the Debtors to have expressed an interest in acquiring the Debtors' assets in the previous calendar year, (vi) all entities known to have asserted any lien, interest or encumbrance upon the Debtors' assets, (vii) the United States' Attorney's Office, (viii) the United States Department of Justice, (ix) the Securities and Exchange Commission, (x) the Internal Revenue Service, (xi) the Pension Benefit Guaranty Corporation; (xii) appropriate state regulatory agencies; and (xiii) all other parties who filed requests for notice under Bankruptcy Rule 2002 in these cases.

G. Notice, as specified in the preceding paragraph and as evidenced by the affidavits of service filed with the Court, has been provided in the form and manner specified in the Motion and required by the Bid Procedures Order, and such notice is reasonable and adequate.

H. The process for the sale of the APA Assets was conducted in accordance with the Bid Procedures Order. At the conclusion of the Auction, SCD was deemed the Successful Bidder with the highest and best offer for the APA Assets of \$40 million to be allocated as follows: \$30 million for the APA Assets associated with the Sedgebrook campus and \$10 million for the APA Assets associated with the Monarch Landing campus, reduced by \$750,000 for half of the Break-Up Fee.

J. The Auction was conducted in accordance with the Bid Procedures Order. The Auction was conducted in a non-collusive, fair and good faith manner and a reasonable opportunity has been given to any interested party to make a higher and better offer for the APA Assets.

K. SCD is purchasing the APA Assets in good faith and is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code, and is therefore entitled to the protection of that provision.

L. The APA was negotiated, proposed and entered into by the Debtors and SCD without collusion, in good faith and from arms'-length bargaining positions. Neither the Debtors

nor SCD have engaged in any conduct that would cause or permit the Sale Transaction or any part of the transactions contemplated by the APA to be avoidable under section 363(n) of the Bankruptcy Code.

M. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Sale Hearing, and (ii) the representations of counsel made on the record at the Sale Hearing, the Debtors afforded interested potential purchasers a full and fair opportunity to qualify as Qualified Bidders under the Bid Procedures and to submit an offer for the APA Assets.

N. SCD is not an "insider" of any of the Debtors as that term is defined in section 101(31) of the Bankruptcy Code.

O. The consideration provided by SCD for the APA Assets pursuant to the APA (i) is fair and reasonable, (ii) is the highest and best offer for the APA Assets, (iii) will provide a greater recovery for all of the Debtors' stakeholders than would be provided by any other practical available alternative and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act and all other applicable laws.

P. The Debtors have demonstrated a sufficient basis and compelling circumstances requiring the Debtors to enter into the APA and sell the APA Assets under section 363 of the Bankruptcy Code, and such actions are appropriate exercises of the Debtors' business judgment and are in the best interests of the Debtors, their estates and their creditors.

Q. The marketing and bidding processes implemented by the Debtors and their advisors, as set forth in the Motion, were fair, proper, and reasonably calculated to result in the best value received for the APA Assets.

R. The Debtors have full authority and power to execute and deliver the APA and related agreements and all other documents contemplated by the APA, to perform its obligations therein and to consummate the Sale Transaction. Except as set forth in the APA, no additional consents or approvals are necessary or required for the Debtors to enter into the APA, perform its obligations therein and consummate the Sale Transaction.

S. SCD would not have entered into the APA and would not consummate the Sale Transaction, thus adversely affecting the Debtors, their residents the Debtors' estates and the Debtors' creditors, if the APA Assets were not sold to it free and clear of all Claims and Encumbrances or if SCD would, or in the future could, be liable for any Claims and Encumbrances against the APA Assets.

T. Not selling the APA Assets free and clear of any and all liens, claims (as defined in section 101(5) of the Bankruptcy Code), security interests, mortgages, encumbrances, obligations, including employee benefit obligations (including, without limitation, under the Employee Retirement Income Security Act or the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), and further including any obligations to former employees of any of the Debtors under COBRA), liabilities, including liabilities under CERCLA and all other Environmental Laws, charges against or interests in property, adverse claims, claims of possession, rights of way, licenses, easements or restrictions of any kind, demands, guarantees,

actions, suits, defenses, deposits, credits, allowances, options, rights, restrictions, limitations, contractual commitments, rights of first refusal, rights of setoff or recoupment, or interests of any kind or nature whether known or unknown, legal or equitable, matured or unmatured, contingent or noncontingent, liquidated or unliquidated, asserted or unasserted, whether arising prior to or subsequent to the commencement of these chapter 11 cases, whether imposed by agreement, understanding, law, equity or otherwise, subject to applicable law, including section 363 of the Bankruptcy Code, and to paragraph 24 of this Order (collectively, the "Claims and Encumbrances") would adversely impact the Debtors' estates, and the sale of the APA Assets other than as free and clear of all Claims and Encumbrances would be of substantially less value to the Debtors' estates.

U. The provisions of section 363(f) of the Bankruptcy Code have been satisfied. All holders of Claims and Encumbrances, if any, who did not object, or withdrew their objections to the Sale Transaction, are deemed to have consented to the Sale Transaction.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, EFFECTIVE

IMMEDIATELY, AS FOLLOWS:

1. The relief requested in the Motion is granted and approved in all respects, as set forth herein. The Debtors entry into the APA and the Sale Transaction is hereby approved in all respects. Except as may be expressly provided herein, objections to the relief sought in the Motion that have not been previously resolved or withdrawn are hereby overruled on their merits.

2. The Debtors are authorized and directed to take any and all actions necessary or appropriate to (a) consummate the Sale Transaction in accordance with the Motion, the APA and this Order, and (b) perform, consummate, implement and close fully the Sale Transaction, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the APA including, without limitation, consenting to the assignment by SCD of any of its rights under or relating to the APA.

3. Those holders of Claims and Encumbrances and other non-Debtor parties who did not object, or who withdrew their objections to entry of this Order, the Motion, the Bid Procedures Order, the Sale Hearing, the Sale Transaction and the APA are deemed to have

consented to this Order, the Bid Procedures Order, the Sale Transaction and the APA pursuant to section 363(f)(2) of the Bankruptcy Code and are enjoined from taking any action against SCD, its successors, its assigns, its representatives, its affiliates, its properties, or any agent of the foregoing to recover any claim which such person or entity has against the Debtors or any of their affiliates or any of the Debtors' property. Those holders of Claims and Encumbrances and other non-Debtor parties who did object, if any, fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code and are adequately protected by having their Claims and Encumbrances, if any, attach to the proceeds of the Sale Transaction ultimately attributable to the property against or in which they assert a Claim or Encumbrance.

Sale and Transfer of the APA Assets

4. Upon Closing, the APA Assets transferred, sold and delivered to SCD shall be free and clear of all Claims and Encumbrances of any person or entity. The transfer of the APA Assets to SCD constitutes a legal, valid and effective transfer of the APA Assets and shall vest SCD with all right, title and interest in and to the APA Assets.

5. Upon closing of the Sale Transaction, this Order shall be construed as, and shall constitute for any and all purposes, a full and complete general assignment, conveyance and transfer of the APA Assets pursuant to the terms of the APA.

6. Effective on the Closing, all entities, including, but not limited to, the Debtors, creditors, employees, former employees and shareholders, administrative agencies, tax and regulatory authorities, governmental departments, secretaries of state, federal, state and local officials, and their respective successors or assigns, including, but not limited to, persons asserting any Claims or Encumbrance against the Debtors' assets, shall be permanently and forever barred, restrained and enjoined from commencing or continuing in any manner any action or other proceeding of any kind against the APA Assets or SCD (or its successors, assigns,

agents or representatives) as alleged successor or otherwise with respect to any Claims and Encumbrances on or in respect of the APA Assets.

7. Each and every term and provision of the APA, together with the terms and provisions of this Order, shall be binding in all respects upon all entities, including, but not limited to the Debtors, SCD, creditors, employees, former employees and shareholders, administrative agencies, governmental departments, secretaries of state, federal, state and local officials and their respective successors or assigns, including but not limited to persons asserting any Claim or Encumbrance against or interest in the Debtors' estates or the Debtors' assets, including any subsequent appointment of a trustee or other fiduciary under any section of the Bankruptcy Code.

8. Upon the Closing, all entities holding Claims and Encumbrances of any kind and nature against the Debtors' assets hereby are barred from asserting such Claims and Encumbrances against SCD (or its successors, assigns, agents or representatives) and/or the APA Assets and, effective upon the transfer of the APA Assets to SCD upon Closing, the Claims and Encumbrances shall attach to the proceeds of the Sale Transaction with the same force, validity, priority and effect, if any, as against the Debtors' assets.

9. This Order (a) is and shall be effective as a determination that, upon Closing, all Claims and Encumbrances existing as to the Debtors' assets conveyed to SCD have been and hereby are adjudged to be unconditionally released, discharged and terminated, with all such Claims and Encumbrances attaching automatically the proceeds in the same manner and priority, and (b) shall be binding upon and govern the acts of all entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state,

of the foregoing, and except as specifically provided in the APA, SCD (or its successors, assigns, agents or representatives) shall not be liable for any claims against any of the Debtors or any of their predecessors or affiliates or assets, other than as expressly provided for in the APA or in this Order.

Assumption and Assignment of Contracts

12. On or before 7 days prior to the Closing, SCD shall provide (i) documentation indentifying all Contracts SCD wishes to be assumed by the Debtors and assigned by the Debtors to SCD at Closing (the "Transferred Contracts"); (ii) documentation identifying all Contracts that SCD may, at a later date, wish to be assigned by the Debtors (the "Designated Contracts"); and (iii) all Contracts that SCD will not be seeking to be assigned by the Seller (the "Excluded Contracts"). At any time between the Closing and the 60th day following the Closing, SCD may, upon not less than 7 days' prior notice to the Debtors, re-designate any Designated Contract as either a Transferred Contract or an Excluded Contract. The Debtors agree not to reject any Contract on or before the 60th day following the Closing except for Excluded Contracts and shall continue to perform all obligations under such Contracts so long as SCD pays any expenses related thereto. Following the Closing, SCD shall be responsible for any payments that arise under any Designated Contract prior to the Buyer's re-designation of any such Designated Contract as an Excluded Contract. The Debtors shall assume in the Bankruptcy Case, any Transferred Contract that is designated by SCD to the Debtors on or before the 60th Day following the Closing, provided that SCD shall pay all scheduled and disclosed cure amounts in connection with such assumption, and assign said Transferred Contracts to SCD. The proposed assignments shall take place pursuant to an order of the Court.

13. The Debtors shall assume and assign to SCD all Residence and Care Agreements. All Initial Entrance Fee Deposits held by the Debtors as of the Petition Date or delivered to any

Debtor postpetition and any partial deposits thereon, excluding deposits used to pay refunds owed to former residents as a result of the receipt of any such deposit, that are placed in escrow pursuant to the IED Orders issued by the Court as Docket Nos. 72 and 77 shall be transferred to SCD and any and all prepaid rental payments made by residents and any and all deposits or similar payments made by assisted living residents or skilled nursing residents shall be transferred to SCD.

14. SCD shall not assume any Resident Care Claims.

Assumption of SSA Bonds

15. Notwithstanding anything to the contrary in this Order or the APA, (a) the liabilities of Sedgebrook and Lincolnshire as landowners arising after the Closing with respect to the special tax payments set forth in Schedule 2.3(a) of the APA shall be assumed by SCD only to the extent and in accordance with the schedule of such liabilities set forth as Schedule 2.3(a) of the APA, and (b) the liabilities of Monarch Landing and Naperville as landowners arising after the Closing with respect to the special tax payments set forth in Schedule 2.3(a) of the APA shall be assumed by SCD only to the extent and in accordance with the schedule of such liabilities set forth as Schedule 2.3(a) of the APA. To avoid any misunderstanding regarding the liabilities related to the Sedgebrook SSA Financing and the Monarch Landing SSA Financing being assumed by SCD pursuant to this Order, such liabilities are limited to the special tax payments set forth on Schedule 2.3(a) of the APA. SCD and the APA Assets shall only be liable and subject to the annual special tax payments under the applicable SSA Financing to make special tax payments in the amounts of such payments set forth in Schedule 2.3(a) of the APA and on or before the date or dates required by applicable law, and not in any other amount or on any other date. Notwithstanding the foregoing, nothing in this Order is to be construed as eliminating any obligation of SCD to pay late charges, default interest, or other amounts as

required by applicable law in the event any liability in Schedule 2.3(a) is not timely paid. No acceleration of the bonds related to the Sedgebrook SSA Financing and the Monarch Landing SSA Financing shall occur and no exercise of any right to any redemption premium with regard to such bonds shall occur, and the Indenture Trustees shall not seek (directly or indirectly) such acceleration or any redemption premium, so long as the liabilities required to be paid in Schedule 2.3(a) are timely paid pursuant to applicable law. If such payments are late or missed, the parties shall have all rights and remedies available under applicable Illinois state and municipal law.

16. At Closing, the Debtors shall pay all delinquent amounts and costs, if any, of any special tax payments, if any, arising under the Sedgebrook SSA Financing and the Monarch Landing SSA Financing, including, but not limited to, any delinquent amounts and costs, if any, remaining owing for 2010 or any prior fiscal year.

17. Certain limited obligations of Naperville and Lincolnshire, respectively, under the following executory contracts shall be assumed and assigned to SCD at Closing: (a) that certain Administrator's and Developer Owner's Continuing Disclosure Agreement, dated June 15, 2006, by and between Naperville Campus, LLC and Municap Incorporated, and (b) that certain Administrator's and Developer Owner's Continuing Disclosure Agreement, dated November 16, 2004, by and between Lincolnshire Campus, LLC and Municap Incorporated (collectively, the "Disclosure Agreements"). Specifically, SCD shall assume the following limited obligations only with respect to the aforementioned agreements; it shall notify U.S. Bank National Association (or its successor) within forty-five (45) days following the occurrence of any of the following events: (i) failure to pay any real property taxes (including the Special Taxes) levied within the Development on a parcel; (ii) material damage to or destruction of any development or improvements within the Development; (iii) material default by SCD, the Developer or any

affiliate thereof on any loan with respect to the construction or permanent financing of the Development; (iv) material default by SCD, the Developer, or any affiliate thereof on any loan secured by property within the Development owned or leased by SCD and the Developer or any affiliate thereof; and (v) the filing in bankruptcy by SCD, the Developer or any affiliate thereof.⁴

18. SCD shall not assume or have any liability or obligations related to either the Sedgebrook SSA Financing or the Monarch Landing SSA Financing, except as specifically provided in paragraphs 15, 16 and 17 of this Order.

Additional Provisions

19. The APA Assets shall not include any cash or cash equivalents held by the Indenture Trustees in their respective capacities as such.

20. The provisions of this Order and the APA and any actions taken pursuant hereto or thereto shall survive entry of any order which may be entered (a) confirming or consummating any plan of reorganization of the Debtors, (b) converting the Debtors' cases from chapter 11 to chapter 7, (c) dismissing the Debtors' bankruptcy cases or (d) appointing a chapter 11 trustee or examiner, and the terms and provisions of the APA as well as the rights and interests granted pursuant to this Order and the APA shall continue in this or any superseding case and shall be binding upon the Debtors, SCD and their respective successors and permitted assigns.

21. Each and every federal, state and governmental agency or department and any other person or entity is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

⁴ Capitalized terms used in this sentence shall have the meanings set forth in the respective Disclosure Agreements.

22. Upon Closing, proceeds of the Sale are to be paid to the Indenture Trustee for application in accordance with the Bond Documents, less amounts relating to: (a) the Carve-Out, (b) the ELH Payments, (c) amounts owed to creditors holding valid and perfected liens against the assets, (d) the proceeds to be placed in escrow under paragraph 23 hereof, (e) the proceeds to be placed in escrow under paragraph 24 hereof, (f) the proceeds to be placed in escrow under paragraph 25 hereof, and (g) a wind down budget to be agreed upon by the respective indenture trustees and the Debtors.

23. Upon Closing, \$3.5 million of the Sale proceeds shall be placed in escrow (the "Mechanic's Lien Escrow") for the benefit of holders of mechanic's liens on the Sedgebrook property (collectively, the "Mechanic's Lien Holders") pending resolution of the Mechanic's Lien Holders' assertions that their claims are senior or equal to those of the Indenture Trustees pursuant to Illinois state law and other applicable statutes. As of the Closing, any and all Claims and Encumbrances of the Mechanic's Lien Holders will be transferred to, and will attach to, the Mechanic's Lien Escrow with the same validity, force, effect and priority that the encumbrance had against the Debtors' real property prior to the sale, and shall be deemed released as against the estates' property (except with respect to the funds held in the Mechanic's Lien Escrow). The Mechanic's Lien Escrow will be held pending entry of an order or orders resolving the underlying claims of the Indenture Trustees and the Mechanic's Lien Holders and shall be distributed to the Mechanic's Lien Holders and/or the Indenture Trustees as set forth in such order(s). The form of escrow agreement governing same will be negotiated and executed prior to Closing.

24. SCD shall assume all obligations to complete environmental work required by the Lake County Stormwater Management Commission. A portion of the Sale proceeds shall be

placed in escrow so that SCD may fund such work and any remaining balance will be returned to the Indenture Trustees upon completion. The Debtors, SCD, Indenture Trustees, Lake County Stormwater Management Commission, the State of Illinois/Illinois Department of Transportation ("IDOT") [in the event the IDOT Bond (as defined below) has not been released], and Western Surety Company shall negotiate in good faith to determine the amount to be placed in escrow. If an amount cannot be agreed to, the Debtors shall file a schedule supporting the Debtors' proposed escrow amount by October 14, 2010. SCD, Indenture Trustees, Lake County Stormwater Management Commission, IDOT (if applicable) and Western Surety Company may object to the Debtors' proposed escrow amount by October 22, 2010. If any objections are filed, the Court shall decide the matter on October 26, 2010. In no event shall the amount placed in escrow be less than the amount of the outstanding bonds described below. In addition, (a) Western Surety Company Bond No. 929342186, in the original penal sum of \$100,000.00, which bond named "Erickson Retirement Communities, Lincolnshire Campus LLC" as Principal, and the State of Illinois as obligee (the "IDOT Bond"), and (b) Western Surety Company Bond No. 929318414, currently reduced to the penal sum of \$529,628.00, and which bond names Lincolnshire Campus, LLC as Principal and Lake County [IL] Stormwater Management Commission as Owner/Obligee (the "Lake County Bond"), shall be deemed cancelled and terminated for all purposes effective as of the Closing and Western Surety Company shall be released from any and all liability on said bonds. Upon Closing and the resulting termination and cancellation of said bonds, the subject bond obligees shall further be enjoined from taking any action against the Debtor or Western Surety Company and shall look solely to the funds to be placed in escrow in connection with any claim they have or may have otherwise asserted against Western Surety Company's bonds on account of any incomplete or defective (deficient)

work or other default of the Debtor in connection with the (bonded) work for which Western issued its surety bonds.

25. SCD shall assume all obligations to fund and supervise the work required by the City of Naperville (City Planning Department and City Engineering Department) and City of Warrenville with regard to certain non-conforming uses identified by the City of Naperville and/or the City of Warrenville with respect to the Monarch Landing property. A portion of the Sale proceeds shall be placed in escrow so that SCD may fund such work and any remaining balance will be returned to the Indenture Trustees upon completion. The Debtors, SCD, Indenture Trustees, the City of Naperville (City Planning Department and City Engineering Department) and the City of Warrenville shall negotiate in good faith to determine the amount to be placed in escrow. If an amount cannot be agreed to, the Debtors shall file a schedule supporting the Debtors' proposed escrow amount by October 14, 2010. SCD, Indenture Trustees, the City of Naperville (City Planning Department and City Engineering Department) and the City of Warrenville may object to the Debtors' proposed escrow amount by October 22, 2010. If any objections are filed, the Court shall decide the matter on October 26, 2010.

26. Upon Closing, SCD shall pay to the Debtors the Purchase Price, less the Good-Faith Deposit less \$750,000 (half the Break-Up Fee). The \$40 million purchase price will be allocated as follows: \$30 million for the assets associated with the Sedgebrook campus and \$10 million for the assets associated with the Monarch Landing campus. Wells Fargo Bank National Association, as indenture trustee, and U.S. Bank National Association, as indenture trustee, have reserved all rights as to the allocation of the \$750,000 amount described in this paragraph 26. The consideration provided by SCD for the APA Assets under the APA constitutes reasonably

equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act and all other applicable laws.

27. Upon Closing, Erickson Living Holdings, LLC ("ELH") shall be paid from the proceeds of the Sale an (i) expense reimbursement of \$350,000 and (ii) incentive payment of \$2,295,000 (8% of the difference between \$24 million and \$25.5 million, and to 15% of the difference between \$25.5 million and \$40 million) (collectively, the "ELH Payments"). ELH's bid of \$31.15 million for the APA Assets shall be and hereby is designated the "Back Up Bid" for the APA Assets. The Debtors are authorized, without further order from this Court, and ELH, by its receipt of the payments described in this paragraph 27, shall be bound, to consummate a sale of the APA Assets to ELH on the terms of the Back Up Bid in the event that the Sale Transaction is not consummated with SCD due to its inability or unwillingness to consummate the Sale Transaction. Wells Fargo Bank National Association, as indenture trustee, and U.S. Bank National Association, as indenture trustee, have reserved all rights as to the allocation of proceeds realized if the APA Assets are sold to ELH pursuant to the Back Up Bid.

28. Nothing contained in any order of any type or kind entered in these chapter 11 cases or any related proceeding subsequent to entry of this Order, nor in any chapter 11 plan confirmed in these chapter 11 cases, shall conflict with or derogate from the provisions of the APA or the terms of this Order. Further, the provisions of this Order and any actions taken pursuant hereto shall survive the entry of an order confirming any plan of reorganization or liquidation for the Debtors, the conversion of the Debtors' cases from chapter 11 to cases under chapter 7 of the Bankruptcy Code or the dismissal of the Debtors' bankruptcy cases.

29. To the extent, if any, anything contained in this Order conflicts with a provision in the APA, this Order shall govern and control.

30. SCD is purchasing the APA Assets in good faith and is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code, and is therefore entitled to the protection of that provision. The consideration provided by SCD for the APA Assets is fair and reasonable, and the Sale may not be avoided under section 363(n) of the Bankruptcy Code.

31. This Court retains jurisdiction, even after conversion of these chapter 11 cases to cases under chapter 7, to (a) interpret, implement and enforce the terms and provisions of this Order (including any injunctive relief provided in this Order) and the terms of the APA, all amendments thereto and any waivers and consents thereunder and of each of the agreements executed in connection therewith; (b) protect SCD (and its successors, assigns, agents and representatives) and the APA Assets from and against any of the Claims and Encumbrances; (c) resolve any disputes arising under or related to the APA or the Sale Transaction; (d) adjudicate all issues concerning (alleged) pre-Closing Claims and Encumbrances and any other (alleged) interest(s) in and to the Debtors' assets, including the extent, validity, enforceability, priority and nature of all such (alleged) Claims and Encumbrances and any other (alleged) interest(s); and (e) adjudicate any and all issues and/or disputes relating to the Debtors' right, title or interest in the Debtors' assets, the Motion and/or the APA.

32. From and after the date hereof, the Debtors shall act in accordance with the terms of the APA and the Debtors, to the extent they have not already done so, shall execute the APA at or prior to Closing.

33. This Order constitutes an authorization of conduct by the Debtors and nothing contained herein shall be deemed to constitute a ruling with regard to the sovereign immunity of any state. The failure of any state to object to the entry of this Order shall not operate as a waiver with respect thereto.

34. This Order and the APA shall be binding in all respects upon all creditors (whether known or unknown) of the Debtors, all successors and assigns of SCD, the Debtors and their affiliates and subsidiaries, the Debtors' assets, and any subsequent trustees appointed in the Debtors' chapter 11 cases or in any chapter 7 case or upon (a) a conversion of these chapter 11 cases to cases under chapter 7 or (b) dismissal of the Debtors' bankruptcy cases.

35. The failure specifically to include any particular provisions of the APA in this Order shall not diminish or impair the efficacy of such provisions, it being the intent of the Court that the APA and each and every provision, term and condition thereof be, and therefore is, authorized and approved in its entirety.

36. The provisions of this Order are nonseverable and mutually dependent.

37. The automatic stay of section 362(a) of the Bankruptcy Code shall not apply to and otherwise shall not prevent the exercise or performance by any party of its rights or obligations under the APA, including, without limitation, with respect to any cash held in escrow pursuant to the provisions thereof.

38. This Sale Order shall take effect immediately and shall not be stayed pursuant to Bankruptcy Rules 6004(g), 6004(h), 6006(d), 7062, or otherwise.

###END ORDER###

EXHIBIT D
PLAN CONFIRMATION

[See Attached.]

ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET



The following constitutes the ruling of the court and has the force and effect therein described.

Henry H. C. George
United States Bankruptcy Judge

Signed November 16, 2010

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

In re:	§	Case No. 10-34176
LINCOLNSHIRE CAMPUS, LLC, <i>et al.</i> ¹	§	Chapter 11
Debtors.	§	Jointly Administered

**A M E N D E D FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER (I)
APPROVING THE DEBTORS' DISCLOSURE STATEMENT AND (II) CONFIRMING
THE DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE²**

WHEREAS the above captioned debtors and debtors in possession (the "Debtors"), have jointly proposed and filed with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Court") the Debtors' Third Amended Joint Plan of Reorganization

¹ The Debtors in these chapter 11 cases are (a) Lincolnshire Campus, LLC, Case No. 10-34176, (b) Naperville Campus, LLC, Case No. 10-34177, (c) Monarch Landing, Inc., Case No. 10-34179, and (d) Sedgebrook, Inc., Case No. 10-34178.

² This Order is identical to the prior Order [Dkt. No. 447] entered by the Court in this case but for inclusion of the exhibits referenced herein and attached hereto as Exhibits 1, 2, and 3.

Under Chapter 11 of the Bankruptcy Code, dated September 30, 2010 [Dkt. No. 345] (the "Plan"³) and (i) the Disclosure Statement For Debtors' Third Amended Joint Plan Under Chapter 11 of the Bankruptcy Code, dated September 30, 2010 and filed with the Court on September 30, 2010 (the "Disclosure Statement") [Dkt. No. 346], and (ii) appropriate ballots for voting on the Plan (the "Ballots"), having been duly transmitted to Holders of Claims in compliance with the procedures (the "Solicitation Procedures") as set forth in the Declaration of Balloting Agent Regarding Tabulation of Votes In Connection With The Debtor's Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, sworn to by Rosemarie J. Serrette at BMC Group, Inc. ("BMC"), and filed with the Court on November 9, 2010 ("Voting Certification") [Dkt No. 439]; and

WHEREAS the Court entered the Order Granting Emergency Motion for Conditional Approval of Disclosure Statement and Authorization to Solicit Acceptances of the Plan (the "Combined Hearing Order") [Dkt. No. 344], which, among other things, scheduled the hearing to consider approval of the Disclosure Statement and confirmation of the Plan (the "Combined Hearing"); and

WHEREAS due notice of the Combined Hearing has been given to Holders of Claims against the Debtors and other parties in interest in compliance with title 11 of the United States Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Combined Hearing Order, and the Solicitation Procedures, as established by the affidavits of service, mailing, and/or publication filed with the Court, including (1) the Certificate of Mailing, dated October 19, 2010 [Dkt. No. 378] and (2) Affidavit of Publication of Notice of (I) Conditional Approval of Disclosure Statement; (II) Hearing to Consider

³ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

Confirmation of the Plan; (III) Deadline for Filing Objections to Confirmation of the Plan; and (IV) Deadline for Voting on the Plan [Dkt. No. 394] (collectively, the "Hearing Notice Affidavits"); and

WHEREAS such notice is sufficient under the circumstances and no further notice is required; and

NOW, THEREFORE, based upon the Court's consideration of the entire record of these Chapter 11 Cases and the Combined Hearing, including (A) the Disclosure Statement, the Plan, and the Voting Certification, (B) the Debtors' memorandum of law, dated November 9, 2010, in support of confirmation of the Plan [Dkt. No. 439], (C) the Declaration Paul Rundell in support of confirmation of the Plan, dated November 9, 2010 [Dkt. No. 437](the "Plan Confirmation Declaration"), (D) the Hearing Notice Affidavits, (E) the evidence presented at the November 10, 2010 hearing and (F) all objections to approval of the Disclosure Statement and confirmation of the Plan having been withdrawn, resolved, or otherwise overruled as set forth herein; and upon the arguments of counsel and the evidence adduced at the Combined Hearing; and the Court having found the Disclosure Statement shall be approved and the Plan should be confirmed as reflected by the Court's rulings made herein and at the Combined Hearing; and after due deliberation and sufficient cause appearing therefor, the Court hereby **FINDS, DETERMINES, AND CONCLUDES** that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Findings and Conclusions. The findings and conclusions set forth herein and in the record of the Combined Hearing constitute the Court's findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the following findings of fact constitute

conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction, Venue, Core Proceeding (28 U.S.C. §§ 157(b)(2), 1334(a)). The Court has jurisdiction over the Debtors' Chapter 11 Cases pursuant to 28 U.S.C. § 1334. Approval of the Disclosure Statement and confirmation of the Plan are core proceedings pursuant to 28 U.S.C. § 157(b) and this Court has jurisdiction to enter a final order with respect thereto. The Debtors are eligible debtors under section 109 of the Bankruptcy Code. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The Debtors are plan proponents in accordance with section 1121(a) of the Bankruptcy Code.

C. Chapter 11 Petitions. On June 15, 2010 (the "Petition Date"), each Debtor commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed pursuant to section 1104 of the Bankruptcy Code. On July 9, 2010, the Office of the United States Trustee appointed a Residents' Committee (the "Residents' Committee") in these cases. Further, the Debtors' cases are being jointly administered pursuant to Bankruptcy Rule 1015(b).

D. Judicial Notice. The Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Court, including all pleadings and other documents filed, all orders entered, and all evidence and arguments made, proffered, or adduced at the hearings held before the Court during the pendency of the Chapter 11 Cases.

E. Disclosure Statement. The Disclosure Statement contains adequate information within the meaning of Bankruptcy Code section 1125.

F. Combined Hearing Order Compliance. The Debtors have complied with the Combined Hearing Order in all respects.

G. Burden of Proof. The Debtors have the burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of the evidence. Each Debtor has met such burden.

H. Voting. As evidenced by the Voting Certification, votes to accept or reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Texas (the "Local Rules") and applicable nonbankruptcy law.

I. Solicitation. The Plan, the Disclosure Statement, the Ballots, and notice of the Combined Hearing, were transmitted and served in compliance with the Bankruptcy Rules, including Bankruptcy Rules 3017 and 3018, the Local Rules, and the Combined Hearing Order. The forms of the Ballots adequately addressed the particular needs of these Chapter 11 Cases and were appropriate for Holders of Claims in the following Classes (the "Voting Classes") who are impaired under the Plan, may receive a distribution under the Plan, and, therefore, had their votes solicited: Monarch Secured Lender Claims (Class 3) and Sedgebrook Secured Lender Claims (Class 4).

1. The period during which the Debtors solicited acceptances to the Plan was reasonable in the circumstances of these Chapter 11 Cases and enabled Holders to make an informed decision to accept or reject the Plan. The Debtors were not required to solicit votes from the Holders of Claims in the following Classes (the "Deemed Accepting Classes") as each such Class is unimpaired under the Plan and conclusively presumed to have accepted the Plan: Secured Tax Claims (Class 1), Other Secured Claims and Capital Equipment Lessors (Class 5) and Unsecured Priority Claims (Class 6).

2. The Debtors also were not required to solicit votes from the Holders of Claims in the following Classes (the "Deemed Rejecting Classes") as such Classes

receive no recovery under the Plan and are deemed to reject the Plan: Unsecured Claims (Class 7), Subordinated Claims (Class 8) and Interests in Debtors (Class 9).

3. The Holders of Claims in Class 2 - Senior Mechanic's Lien Claims were deemed unimpaired under the Plan filed by the Debtors but, at the hearing held on November 10, 2010, the Court ruled that Class 2 was impaired and, based on the objections raised at the hearing, was deemed to have rejected the Plan.

4. As described in and as evidenced by the Voting Certification and the Hearing Notice Affidavits, the transmittal and service of the Plan, the Disclosure Statement, the Ballots, the notice of the Combined Hearing, and the publication of such notice of the Combined Hearing (all of the foregoing, the "Solicitation") was timely, adequate, and sufficient under the circumstances. The Solicitation of votes on the Plan complied with the Solicitation Procedures, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and any other applicable rules, laws, and regulations. In connection therewith, the Debtors, Senior Care Development, LLC or its designee(s) ("SCD"), Residents' Committee, the Bond Trustees and any and all affiliates, members, managers, shareholders, partners, employees, attorneys and advisors of the foregoing are entitled to the protection of section 1125(e) of the Bankruptcy Code.

J. Good Faith. Neither the Debtors nor SCD have engaged in any collusive or unfair conduct in connection with the stalking horse bid, Auction, APA, Plan or Disclosure Statement. The APA and Auction were negotiated and conducted at arms-length and without collusion with any person or entity, and resulted in substantial value being brought to these Estates. The purchase price provided for under the APA is fair and reasonable. SCD is a good faith purchaser within the meaning of the Bankruptcy Code and entitled to the protections afforded thereby.

K. Notice. As is evidenced by the Voting Certification and the Notice Affidavits, the transmittal and service of the Plan, the Disclosure Statement, and the Ballots were adequate and sufficient under the circumstances, and all parties required to be given notice of the Combined Hearing (including the deadline for filing and serving objections to confirmation of the Plan) have been given due, proper, timely, and adequate notice in accordance with the Combined Hearing Order and in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local

Rules, and applicable nonbankruptcy law, and such parties have had an opportunity to appear and be heard with respect thereto. No other or further notice is required.

Compliance with the Requirements of Section 1129 of the Bankruptcy Code

L. Plan Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan complies with the applicable provisions of the Bankruptcy Code and, as required by Bankruptcy Rule 3016, the Plan is dated and identifies the Debtors as proponents, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

1. Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). In addition to Administrative Expense Claims and Priority Tax Claims, which need not be classified, Section 3 of the Plan classifies nine Classes of Claims and Interests for the Debtors. The Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan, and such Classes do not unfairly discriminate between Holders of Claims and Interests. The Plan therefore satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

2. Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Pursuant to Section 3 of the Plan the following Classes are unimpaired under the Plan within the meaning of section 1124 of the Bankruptcy Code, thereby satisfying section 1123(a)(2) of the Bankruptcy Code: Secured Tax Claims (Class 1), Other Secured Claims and Capital Equipment Lessors (Class 5) and Unsecured Priority Claims (Class 6).

3. Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Section 3 of the Plan designates the following Classes as impaired within the meaning of section 1124 of the Bankruptcy Code and specifies the treatment of the Claims and Interests in those Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code: Monarch Secured Lender Claims (Class 3), Sedgebrook Secured Lender Claims (Class 4), Unsecured Claims (Class 7), Subordinated Claims (Class 8) and Interests in Debtors (Class 9). Class 2, consisting of Senior Mechanics' Lien Claims, was previously designated as unimpaired under Bankruptcy Code section 1123(a)(2), but was deemed impaired as provided under Bankruptcy code section 1123(a)(3).

4. Same Treatment for Each Claim or Interest of Each Particular Class (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

5. Implementation of the Plan (11 U.S.C. § 1123(a)(5)). The Plan provides adequate and proper means for the implementation of the Plan, thereby satisfying section

1123(a)(5) of the Bankruptcy Code, including the (i) authorization and issuance of all plan-related securities and documents, (ii) cancellation of existing securities and certain agreements of the Debtors, (iii) the appointment of a Plan Administrator with the powers specified in Section 4.9 of the Plan, (iv) specification of the obligations of any successor to the Debtors under the Plan; (v) consummation of the sale of the Debtors' assets as contemplated by the APA and approved by the Sale Order, and (vi) the engagement in other transactions in furtherance of the Plan.

6. Non-Voting Equity Securities/Allocation of Voting Power (11 U.S.C. § 1123(a)(6)). The Plan does not provide for the issuance of nonvoting equity securities, therefore section 1123(a)(6) of the Bankruptcy Code is not applicable.

7. Designation of Directors and Officers (11 U.S.C. § 1123(a)(7)). Section 7 of the Plan and the corresponding Plan Supplement contain provisions with respect to the manner of selection of the Plan Administrator that are consistent with the interests of creditors, equity security holders, and public policy, thereby satisfying section 1123(a)(7) of the Bankruptcy Code.

8. Impairment/Unimpairment of Classes of Claims and Interests (11 U.S.C. § 1123(b)(1)). As permitted by section 1123(b)(1) of the Bankruptcy Code, Section 3 of the Plan designates all impaired and unimpaired Classes, as modified by this Order.

9. Assumption and Rejection (11 U.S.C. § 1123(b)(2)). Section 8 of the Plan governs the assumption and rejection of executory contracts and unexpired leases and meets the requirements of section 365(b) of the Bankruptcy Code.

10. Additional Plan Provisions (11 U.S.C. § 1123(b)(6)). Each of the provisions of the Plan are appropriate and consistent with the applicable provisions of the Bankruptcy Code.

11. Cure of Defaults (11 U.S.C. § 1123(d)). Section 8 of the Plan provides for the satisfaction of default claims associated with each executory contract and unexpired lease to be assumed pursuant to the Plan and APA in accordance with section 365(b)(1) of the Bankruptcy Code. Except to the extent that different treatment has been agreed to by the nondebtor party or parties to any executory contract or unexpired lease to be assumed pursuant to Section 8 of the Plan, the Debtors, after consultation with SCD, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, have filed or will file, within sixty (60) days after the Asset Sale Closing Date, by separate motion in connection with the Asset Sale listing each executory contract or unexpired lease of the Debtors that the Debtors will assume and assign to SCD and the cure amounts related thereto. All cure amounts will be determined in accordance with the underlying agreements and applicable bankruptcy and nonbankruptcy laws. If there are any objections filed that cannot otherwise be resolved consensually among the relevant parties, the Court shall hold a hearing to adjudicate the dispute. The Debtors shall retain their right, with the consent of SCD, to reject any of their executory contracts or unexpired leases, including contracts or leases that are subject to a dispute concerning

amounts necessary to cure any defaults. Thus, the Plan complies with section 1123(d) of the Bankruptcy Code.

M. The Debtors' Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(2)).

The Debtors have complied with the applicable provisions of the Bankruptcy Code. Specifically:

1. Each of the Debtors is an eligible debtor under section 109 of the Bankruptcy Code;

2. The Debtors have complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Bankruptcy Court; and

3. The Debtors have complied with the applicable provisions of the Bankruptcy Code, including sections 1125 and 1126(b), the Bankruptcy Rules, the Local Rules, applicable nonbankruptcy law, the Combined Hearing Order, and all other applicable law, in transmitting the Plan, the Disclosure Statement, the Ballots, and related documents and notices and in soliciting and tabulating the votes on the Plan.

N. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Plan (including the APA, and all documents necessary to effectuate the Plan) has been proposed in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. Such good faith is evident from the facts and record of the Chapter 11 Cases, the Disclosure Statement, the Plan Confirmation Declaration, and the record of the Combined Hearing and other proceedings held in the Chapter 11 Cases. The Plan, which was developed after many months of analysis and negotiations involving numerous proposals, was proposed with the legitimate and honest purpose of maximizing the value of the Debtors' Estates and effectuating a successful reorganization of the Debtors. The Plan (including the APA and all documents necessary to effectuate the Plan) was developed and negotiated in good faith and at arms'-length among representatives of the Debtors, SCD, Bond Trustees and Residents' Committee. Further, the Plan's classification, indemnification, exculpation, release, and injunction provisions have been negotiated in good faith and at arms'-length, are consistent with sections 105, 1122, 1123(b)(6), 1123(b)(3)(A), 1129, and 1142 of the Bankruptcy Code and

applicable case law in the Fifth Circuit, and are each necessary for the Debtors' successful reorganization.

O. Payment for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Any payment made or to be made by the Debtors for services or for costs and expenses of the Debtors' professionals in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

P. Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). The Debtors have complied with section 1129(a)(5) of the Bankruptcy Code. The identity and affiliations of the person proposed to serve as Plan Administrator after confirmation of the Plan has been fully disclosed to the extent such information is available, and the appointment of such persons is consistent with the interests of Holders of Claims against and Interests in the Debtors and with public policy.

Q. No Rate Changes (11 U.S.C. § 1129(a)(6)). After confirmation of the Plan, the Debtors' business will not involve rates established or approved by, or otherwise subject to, any governmental regulatory commission. Thus, section 1129(a)(6) of the Bankruptcy Code is satisfied.

R. Best Interest of Creditors (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The Plan Confirmation Declaration, the liquidation analysis provided in the Disclosure Statement, and the other evidence proffered or adduced at the Combined Hearing (i) are persuasive and credible, (ii) have not been controverted by other evidence, and (iii) establish that each Holder of an impaired Claim or Interest either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of

a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

S. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)). The Deemed Rejecting Classes are impaired by the Plan and are not entitled to receive or retain any property under the Plan and, therefore, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 2 is also deemed to have rejected the Plan. As found and determined in paragraph BB below, pursuant to section 1129(b)(1) of the Bankruptcy Code, the Plan may be confirmed notwithstanding the fact that the Deemed Rejecting Classes and Class 2 are impaired and are deemed to have rejected the Plan. The remaining Classes accepted the Plan or are Deemed Accepting Classes.

T. Treatment of Administrative Expense Claims and Priority Tax Claims and Priority Claims (11 U.S.C. § 1129(a)(9)). The treatment of Allowed Administrative Expense Claims under Section 2.1 of the Plan satisfies the requirements of section 1129(a)(9)(A) of the Bankruptcy Code. The treatment of Priority Claims pursuant to Section 3.2.6 of the Plan satisfies the requirements of section 1129(a)(9)(B) of the Bankruptcy Code. The treatment of Priority Tax Claims pursuant to Section 2.2 of the Plan satisfies the requirements of section 1129(a)(9)(C) of the Bankruptcy Code.

U. Acceptance by Impaired Class (11 U.S.C. § 1129(a)(10)). Holders of Claims in the Voting Classes voted to accept the Plan, determined without including any acceptance of the Plan by any insider, thereby satisfying the requirements of section 1129(a)(10) of the Bankruptcy Code.

V. Feasibility (11 U.S.C. § 1129(a)(11)). The Plan liquidates the Debtors' remaining assets and distributes them to creditors pursuant to the Plan and Bankruptcy Code, thereby satisfying the requirements of section 1129(a)(11) of the Bankruptcy Code.

W. Payment of Fees (11 U.S.C. § 1129(a)(12)). The Plan provides that on the Effective Date, and thereafter as may be required, the Debtors or the Plan Administrator, as applicable, shall pay all fees payable pursuant to section 1930 of title 28 of the United States Code, thereby satisfying section 1129(a)(12) of the Bankruptcy Code.

X. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). The Debtors do not maintain retirement plans or other benefits obligations other than a 401(k) plan (which is not being assumed). Accordingly, section 1129(a)(13) of the Bankruptcy Code is not applicable to the Plan.

Y. No Domestic Support Obligations (11 U.S.C. § 1129(a)(14)). The Debtors are not required by a judicial or administrative order, or by statute, to pay a domestic support obligation. Accordingly, section 1129(a)(14) of the Bankruptcy Code is inapplicable to the Chapter 11 Cases.

Z. Debtors Are Not Individuals (11 U.S.C. § 1129(a)(15)). The Debtors are not individuals, and accordingly, section 1129(a)(15) of the Bankruptcy Code is inapplicable to the Chapter 11 Cases.

AA. No Applicable Nonbankruptcy Law Regarding Transfers (11 U.S.C. § 1129(a)(16)). All transfers of property of the Plan with respect to Sedgebrook and Monarch Landing were made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust. Lincolnshire and Naperville are each a moneyed, business, or commercial corporation, and accordingly, section 1129(a)(16) of the Bankruptcy Code is inapplicable to their Chapter 11 Cases.

BB. Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). Holders of Claims in the Deemed Rejecting Classes are deemed to have not accepted the Plan. Based upon

the evidence proffered, adduced, and presented by the Debtors in the Plan Confirmation Declaration and at the Combined Hearing, the Plan does not discriminate unfairly and is fair and equitable with respect to the aforementioned Classes, as required by sections 1129(b)(1) and (b)(2) of the Bankruptcy Code. Thus, the Plan may be confirmed notwithstanding the deemed rejection of the Plan by these Classes.

CC. Only One Plan (11 U.S.C. § 1129(c)). The Plan is the only plan filed in these cases, and accordingly, section 1129(c) of the Bankruptcy Code is inapplicable in the Chapter 11 Cases.

DD. Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act, and no governmental entity has objected to the confirmation of the Plan on any such grounds. Therefore, the Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code.

EE. Modifications to the Plan. The modifications to the Plan pursuant to the Plan Supplement through the date hereof constitute changes that do not materially and adversely change the treatment of any other Claims or Interests. Accordingly, pursuant to Bankruptcy Rule 3019(a), these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code, nor do they require additional solicitation of the Plan.

FF. Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Court, the Plan Confirmation Declaration and the record of the Chapter 11 Cases, the Debtors, SCD, the Residents' Committee, Bond Trustees and their respective agents, successors, predecessors, control persons, members, officers, directors, employees and agents and their respective attorneys, financial advisors, investment bankers, accountants, and other professionals retained by such persons, to the extent applicable, (i) have acted in "good faith" within the

meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with all their respective activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code and (ii) shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance and solicitation will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the securities under the Plan, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and, to the extent such parties are listed therein, the release provisions set forth in Section 7.2 of the Plan and the Plan Supplement.

GG. Implementation. All documents necessary to implement the Plan, including those contained in the Plan Supplement, and all other relevant and necessary documents have been developed and negotiated in good faith and at arms'-length and shall, upon completion of documentation and execution, and subject to the occurrence of the Effective Date, be valid, binding, and enforceable agreements and not be in conflict with any federal or state law.

HH. Releases. The Court has jurisdiction under sections 1334(a) and (b) of title 28 of the United States Code to approve the releases set forth in Sections 7.2 and 7.3 and elsewhere in the Plan and Confirmation Order. Section 105(a) of the Bankruptcy Code permits approval of the releases set forth in Sections 7.2 and 7.3 and elsewhere in the Plan and Confirmation Order, because, as has been established here based upon the record in the Chapter 11 Cases and the evidence presented in the Plan Confirmation Declaration and at the Combined Hearing, such

provisions (i) were integral to the agreement among the various parties in interest and are essential to the formulation and implementation of the Plan, as provided in section 1123 of the Bankruptcy Code, (ii) confer substantial benefits on the Debtors' Estates, (iii) are fair, equitable, and reasonable, and (iv) are in the best interests of the Debtors, their Estates, and parties in interest.

II. Pursuant to section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the releases set forth in the Plan and implemented by this Confirmation Order are fair, equitable, reasonable, and in the best interests of the Debtors, and their Estates, creditors, and equity holders. The releases of non-Debtors under the Plan are fair to Holders of Claims and are necessary to the proposed reorganization, thereby satisfying the requirements of In re Wool Growers Cent. Storage Co., 371 B.R. 768, 777 (Bankr. N.D. Tex. 2007); see also In re Continental Airlines, Inc., 203 F.3d 203, 214 (3d Cir. 2000). Such releases are given in exchange for and are supported by fair, sufficient, and adequate consideration provided by each and all of the parties providing such releases. The Plan Confirmation Declaration and the record of the Combined Hearing and these Chapter 11 Cases are sufficient to support the releases provided for in Sections 7.2 and 7.3 of the Plan. Accordingly, based upon the record of the Chapter 11 Cases, the representations of the parties, and/or the evidence proffered, adduced, and/or presented in the Plan Confirmation Declaration and at the Combined Hearing, this Court finds that the releases set forth in Sections 7.2 and 7.3 of the Plan are consistent with the Bankruptcy Code and applicable law. The failure to implement the release provisions of the Plan would seriously impair the Debtors' ability to confirm the Plan.

JJ. Based on the foregoing, the Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
DECREED THAT:

1. Findings of Fact and Conclusions of Law. The above-referenced findings of fact and conclusions of law are hereby incorporated by reference as though fully set forth herein.

2. Notice of the Combined Hearing. Notice of the Combined Hearing complied with the terms of the Combined Hearing Order, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules.

3. Disclosure Statement. The Disclosure Statement is approved as containing adequate information within the meaning of section 1125 of the Bankruptcy Code, and any objections to the adequacy of the information contained in the Disclosure Statement not otherwise consensually resolved are overruled.

4. Amendments to Plan. The modifications and amendments to the Plan through the date hereof, including modifications made pursuant to this Order, meet the requirements of sections 1127(a) and (c), such modifications do not materially and adversely affect the treatment of the Claim of any creditor or Interest holder within the meaning of Bankruptcy Rule 3019(a), and no further solicitation or voting is required.

5. Solicitation. The solicitation of votes on the Plan complied with the Solicitation Procedures, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and applicable nonbankruptcy law.

6. Ballots. The forms of Ballots annexed to the Voting Certification are in compliance with Bankruptcy Rule 3018(c), as modified, conform to Official Form Number 14, and are approved in all respects..

7. Solicitation/Offer of New Securities. Pursuant to section 1145 of the Bankruptcy Code, to the extent that the Debtors' solicitation of acceptances of the Plan is deemed to constitute an offer of new securities, the Debtors and SCD are exempt from the registration requirements of the Securities Act (and of any equivalent state securities or "blue sky" laws) with respect to such solicitation under section 4(2) of the Securities Act and Regulation D promulgated thereunder. Section 4(2) exempts from registration under the Securities Act all "transactions by an issuer not involving any public offering." 15 U.S.C. § 77d(2). SCD and the Debtors have complied with the requirements of section 4(2) of the Securities Act, as the solicitation of acceptances would constitute a private placement of securities.

8. Confirmation of the Plan. The Plan and each of its provisions shall be, and hereby are, approved and confirmed under section 1129 of the Bankruptcy Code. The documents contained in the Plan Supplement are authorized and approved. The terms of the Plan, including the Plan Supplement, are incorporated by reference into, and are an integral part of this Confirmation Order.

9. Objections Resolved or Overruled. Except as provided herein, all objections, responses, statements and comments, if any, in opposition to the Plan, other than those withdrawn with prejudice, waived, or settled prior to, or on the record at, the Combined Hearing, shall be, and hereby are, overruled in their entirety.

10. General Authorizations. The Plan was approved by the Board of Directors of each Debtor. Except to the extent provided in the APA, pursuant to the appropriate provisions of the corporate or business organizations law of the applicable state of organization of each

Debtor, and section 1142(b) of the Bankruptcy Code, no additional action of the respective directors or stockholders of the Debtors shall be required to authorize the Debtors to enter into, execute, deliver, file, adopt, amend, restate, consummate, or effectuate, as the case may be, the Plan and any contract, instrument, or other document to be executed, delivered, adopted or amended in connection with the implementation of the Plan.

11. Binding Effect. On the date of and following entry of this Confirmation Order and subject to the occurrence of the Effective Date, the provisions of the Plan shall bind the Debtors, the Plan Administrator, the Bond Trustees, all Holders of Claims and Interests of the Debtors (irrespective of whether such Claims or Interests are impaired under the Plan or whether the Holders of such Claims or Interests have accepted the Plan), any and all non-Debtor parties to executory contracts and unexpired leases with any of the Debtors, any other party in interest in the Chapter 11 Cases, and the respective heirs, executors, administrators, successors, or assigns, if any, of any of the foregoing.

12. Vesting of Assets. Except as otherwise provided in the Plan and APA, as of the Effective Date, pursuant to the provisions of Bankruptcy Code section 1141(b) and (c), all Assets shall vest in the Debtors free and clear of all Claims, liens, encumbrances, charges, membership interests and other interests, except as otherwise expressly provided in the Plan or this Confirmation Order, and subject to the terms and conditions of the Plan and this Confirmation Order. Notwithstanding the foregoing, the Monarch Bond Trustee and Sedgebrook Bond Trustee shall retain the liens granted by their respective Bond Documents and pursuant to the Sedgebrook Final Cash Collateral Order and Monarch Final Cash Collateral Order, as applicable; provided, however, for the avoidance of doubt, the Purchased Assets (as defined below) shall be transferred to SCD free and clear of all such liens as further provided in paragraph 14 below.

13. Implementation of the Plan. The Debtors and the Plan Administrator, as applicable, shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, releases, and other agreements, including those contained in the Plan Supplement, and take such other actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan, including all such actions delineated in Section 4 of the Plan. On the Effective Date, the Plan Administrator is authorized and empowered to issue, execute, file, and deliver or record such documents, contracts, instruments, releases and other agreements, including those contained in the Plan Supplement or contemplated by the Plan, in the name of and on behalf of the Plan Administrator, as applicable.

14. Asset Purchase. Pursuant to the Sale Order and the APA, effective on the Closing, SCD is acquiring substantially all of the assets of the Debtors (other than certain excluded assets, the "Purchased Assets") free and clear of all Claims, liens, encumbrances, charges, liabilities, and interests encumbering the Purchased Assets, including, but not limited to, those encumbrances set forth on Exhibit 1 attached hereto, but, however, excluding those encumbrances set forth on Exhibit 2 attached hereto and general real property taxes not due and payable. The provisions of the Sale Order and the APA and any actions taken pursuant hereto or thereto shall survive entry of any order which may be entered (a) confirming or consummating any plan of reorganization of the Debtors, such as this Confirmation Order, (b) converting the Debtors' cases from chapter 11 to chapter 7, (c) dismissing the Debtors' bankruptcy cases or (d) appointing a chapter 11 trustee or examiner, and the terms and provisions of the APA as well as the rights and interests granted pursuant to the Sale Order and the APA shall continue in this or any superseding case and shall be binding upon the Debtors, SCD, the Bond Trustees, and their respective successors and permitted assigns. Nothing contained in any order of any type or kind entered in these Chapter 11 Cases or any related proceeding subsequent to entry of the Sale

Order, nor in any chapter 11 plan confirmed in these Chapter 11 Cases, such as the Plan, shall conflict with or derogate from the provisions of the APA or the terms of the Sale Order.

15. Cancellation of Existing Securities and Agreements. Except (i) for purposes of evidencing a right to distributions under the Plan, (ii) with respect to executory contracts or unexpired leases that have been assumed by the Debtors, or (iii) as otherwise provided under the Plan, on the Effective Date, all the agreements and other documents evidencing the Claims or rights of any Holder of a Claim against the Debtors, including all lending and security agreements and encumbrances evidencing such Claims shall be cancelled with respect to the Debtors, but shall continue to govern the rights and obligations by and among third parties. In addition, (i) the Interests in the Debtors, and (ii) any options or warrants to purchase Interests in the Debtors, obligating the Debtors to issue, transfer, or sell Interests or any other capital stock of the Debtors, shall be cancelled.

16. Cancellation of Instruments. Except as otherwise provided in the Plan or this Confirmation Order, on the Effective Date, the Monarch Project Bonds and Sedgebrook Project Bonds shall be cancelled, and the Monarch Project Bonds and Sedgebrook Project Bonds and related Bond Documents shall continue in effect solely to the extent they relate to and are necessary to (i) allow applicable distributions pursuant to the Plan, (ii) permit each Bond Trustee to be compensated for fees and reimbursed for expenses including expenses of its professionals, assert its charging lien, enforce its indemnity and other rights and protections with respect to and pursuant to the Bond Documents, (iii) permit each Bond Trustee to set one or more record dates and distributions dates with respect to the distribution of funds to beneficial holders of the Monarch Project Bonds and Sedgebrook Project Bonds, as applicable, (iv) permit each Bond Trustee to appear in the Chapter 11 Cases, and (v) permit the applicable Bond Trustee to perform any functions that are necessary in connection with the foregoing clauses (i) through (iv).

17. Subordination. Except as otherwise expressly provided in the Plan, this Confirmation Order, or a separate order of this Court, the classification and manner of satisfying all Claims and Interests under the Plan takes into consideration all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise.

18. Compromise of Controversies. In consideration for the distributions and other benefits, including releases, provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan. Consideration for all such compromises, settlements and releases is adequate and the entry of this Confirmation Order constitutes approval of such compromise and settlement under Bankruptcy Rule 9019, subject to the provisions of the Plan.

19. Assumption or Rejection of Executory Contracts and Unexpired Leases. Pursuant to Section 8.1 of the Plan, except as otherwise provided in any contract, instrument, release, indenture, the Plan or other agreement or document entered into in connection with the Plan, as of the Effective Date, all executory contracts and unexpired leases to which any of the Debtors are parties are hereby rejected as of the Effective Date except for an executory contract or unexpired lease that (i) previously has been assumed pursuant to Final Order of the Bankruptcy Court, (ii) is specifically designated as an executory contract or unexpired lease to be assumed as part of the Asset Sale by the 60th day following the Asset Sale Closing, or (iii) is the subject of a separate assumption motion or stipulation filed by the Debtors under section 365 of the Bankruptcy Code prior to the Effective Date. Such contract and lease assumptions or rejections are hereby approved as of the 60th day following the Asset Sale Closing pursuant to sections 365(b) and 1123(b) of the Bankruptcy Code and all objections, other than as provided herein, are overruled.

20. Assignment of Executory Contracts or Unexpired Leases. Pursuant to sections 105(a), 363 and 365 of the Bankruptcy Code, the Debtors and Plan Administrator, as applicable, may transfer and assign any of their executory contracts or unexpired leases that have not been rejected to SCD without any further act, authority, or notice subject to the unqualified right of SCD to refuse such transfer or assignment. Any executory contract or unexpired lease so transferred and assigned shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in sections 365(b)(2) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer or assignment. Any provision that prohibits, restricts, or conditions the assignment or transfer by the Debtors or Plan Administrator, as applicable, of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect. The stay under Bankruptcy Rule 6006(d) is hereby waived, and the terms and conditions of this Confirmation Order shall be immediately effective and enforceable upon its entry.

21. Conditions to Effective Date. The Plan shall not become effective unless and until the conditions set forth in Section 6.4 of the Plan and in this Confirmation Order have been satisfied or waived pursuant to Section 6.2 of the Plan. In the event that one or more of the conditions specified in Section 6.4 of the Plan have not been satisfied or waived in accordance with Section 6.2 of the Plan, (i) the Confirmation Order shall be vacated, (ii) no distributions under the Plan shall be made, (iii) the Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Plan Confirmation Date

as though the Plan Confirmation Date never occurred, and (iv) all of the Debtors' obligations with respect to Claims and Interests shall remain unchanged and nothing contained in the Plan or in the Confirmation Order shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors or otherwise.

22. Professional Compensation. Except as provided in the Plan, all entities seeking awards by the Court of compensation for services rendered or reimbursement of expenses incurred through and including the Plan Confirmation Date (i) shall provide the Debtors with estimates of all fees and disbursements that will be incurred by each Professional up to and including the Effective Date, which estimates shall be updated by an additional estimate provided to the Debtors one (1) Business Day prior to the Effective Date, (ii) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is thirty (30) days after the Effective Date, (iii) shall be paid in full from the Professional Fee Reserve in such amounts as are allowed by the Bankruptcy Court (A) upon the later of (i) the Effective Date, and (ii) the date upon which the order relating to any such Allowed Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the Holder of such an Allowed Administrative Expense Claim and the Debtors.

23. Post-Effective Date Professional Fee Reserve. A reserve shall be created on the Asset Sale Closing Date or Effective Date, whichever is earlier, by the Debtors and held by an escrow agent representing Cash designated for the payment of Professionals and Allowed Fee Claims that accrue after the Effective Date.

24. Releases. Except as otherwise specifically provided in the Plan, (a) the Debtors, (b) the Purchaser, (c) the Residents' Committee and (d) the Bond Trustees, together with their

respective current and prior officers, members and directors and their respective agents, counsel and advisors (all in their respective capacities as such with respect to the Debtors and in no other capacity) (collectively, the "Plan Releasees"), are released and discharged from any and all claims, obligations, rights, causes of action and liabilities relating to the Debtors, these Chapter 11 Cases, the formulation, negotiation, preparation, confirmation, implementation and administration of the Plan or any consent, action, omission, transaction or business dealing from and after the Petition Date and prior to the Effective Date; provided, however, that the Plan Releasees shall not be released from claims arising under (a) the Internal Revenue Code, or any state, city or municipal tax code; (b) the environmental laws of the United States, any state, city or municipality; (c) any criminal laws of the United States, any state, city or municipality; (d) the Plan; or (e) actions related to willful misconduct, gross negligence, misuse of confidential information that causes damages and ultra vires acts. Any of the foregoing parties in all respects shall be entitled to rely on the advice of counsel with respect to any of the foregoing. With respect to Plan Releasees that are attorney Professionals, such Professionals shall not be released from any violations of the Code of Professional Responsibility. From and after the Effective Date, except as otherwise provided under this section, all holders of Claims or membership and other interests in the Debtors shall be permanently enjoined from commencing or continuing in any manner any suit, action or other proceeding, on account of or respecting, any Claim or membership or other interest in the Debtors. Notwithstanding the above, and subject in all respects to the Sale Order, neither the foregoing terms nor any other provision of the Plan or any order on the Plan shall release or in any manner limit any right or claims by any Bond Trustee or beneficial bondholder against any party not a Plan Releasee together with such parties' respective current and prior officers, members and directors and their respective agents, counsel and advisors based on obligations under or relating to any Bond Documents.

25. Releases By the Debtors and Holders of Claims. Except as otherwise specifically provided by the Plan, for good and valuable consideration, including the services and agreements to facilitate the expeditious reorganization of the Debtors, the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Plan Releasees shall be deemed released by the Debtors, the Plan Administrator and holders of Claims and membership and other interests in the Debtors from any and all claims, obligations, rights, suits and causes of action whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that the Debtors, the Estates or such Person or entity would have been entitled to assert whether directly, indirectly, derivative or otherwise, based in whole or in part upon any action, omission, transaction, agreement, event, conduct or other occurrence taking place on or before the Effective Date in any way relating or pertaining to or dealings in connection with the Debtors, their officers (in their capacity as such), directors (in their capacity as such), members (in their capacity as such) and shareholders (in their capacity as such), the Estates or these Chapter 11 Cases; provided, however, that nothing in this section shall constitute a release of any party from Claims arising under (a) the Internal Revenue Code, or any state, city or municipal tax code; (b) the environmental laws of the United States, any state, city or municipality; (c) any criminal laws of the United States, any state, city or municipality; and (d) actions related to willful misconduct, gross negligence, misuse of confidential information that causes damages and ultra vires acts. With respect to releases of attorney professionals, such professionals shall not be released from any violations of the Code of Professional Responsibility. Notwithstanding, the terms of the releases in paragraphs 24 and 25 herein and the Plan, nothing herein or in the Plan shall be deemed a release of any party to the APA from the obligations or claims arising from the Asset Sale, the APA or the Sale Order.

26. Binding Release Provision. All release provisions embodied in the Plan, including but not limited to those contained in Section 7 of the Plan, are approved and shall be effective and binding on all persons and entities, to the extent provided therein.

27. Term of Injunctions or Stays. Pursuant to Sections 12.3 and 12.4 of the Plan, unless otherwise provided, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Plan Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay. Upon the entry of the Confirmation Order, all Holders of Claims and Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

28. Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the Effective Date and thereafter as may be required.

29. Reversal/Stay/Modification/Vacatur of Confirmation Order. Except as otherwise provided in this Confirmation Order, if any or all of the provisions of this Confirmation Order are hereafter reversed, modified, vacated, or stayed by subsequent order of this Court or any other court, such reversal, stay, modification, or vacatur shall not affect the validity or enforceability of any act, obligation, indebtedness, liability, priority, or lien incurred or undertaken by the Debtors or the Plan Administrator, as applicable, pursuant to the Plan and the Confirmation Order prior to the effective date of such reversal, stay, modification, or vacatur. Notwithstanding any such reversal, stay, modification, or vacatur of the Confirmation Order, any such act or obligation incurred or undertaken pursuant to, or in reliance on, the Confirmation Order prior to the effective date of such reversal, stay, modification, or vacatur shall be governed

in all respects by the provisions of the Confirmation Order and the Plan or any amendments or modifications thereto. The Debtors or the Plan Administrator, as applicable, at any time may request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to such objection. Notwithstanding the foregoing, all Allowed Claims under the Plan shall be deemed Allowed and not subject to further challenge.

30. Retention of Jurisdiction. Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, pursuant to Section 7 of the Plan and sections 105 and 1142 of the Bankruptcy Code, this Court shall retain exclusive jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Cases to the fullest extent as is legally permissible.

31. Exemption from Certain Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, all transactions, including the transfers described herein pursuant to the APA and the Sale Order, and the delivery and recordation of any instrument, under, in furtherance of, or in connection with the Plan shall not be subject to any stamp tax, real estate transfer tax or similar transfer fee or tax.

32. Modifications. The Plan may be amended, modified, or supplemented by the Debtors or the Plan Administrator, as applicable, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, subject to the terms of the APA, the Plan, and this

Confirmation Order. In addition, after the Plan Confirmation Date and subject to the terms of the APA, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or this Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. Further, subject to the terms of the APA, prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Court.

33. Provisions of Plan and Confirmation Order Nonseverable and Mutually Dependent. The provisions of the Plan and this Confirmation Order, including the findings of fact and conclusions of law set forth herein, are nonseverable and mutually dependent.

34. Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the Plan or Plan Supplement provides otherwise, the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without giving effect to the principles of conflict of laws thereof.

35. Applicable Nonbankruptcy Law. Pursuant to section 1123(a) and 1142(a) of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan and related documents or any amendments or modifications thereto shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

36. Documents and Instruments. Each federal, state, commonwealth, local, foreign, or other governmental agency is hereby authorized to accept any and all documents and instruments necessary or appropriate to effectuate, implement or consummate the transactions contemplated by the Plan and this Confirmation Order.

37. Governmental Approvals Not Required. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or other governmental authority with respect to the implementation or consummation of the Plan and Disclosure Statement, any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in, or contemplated by, the Plan and the Disclosure Statement.

38. Notice of Confirmation Order and Occurrence of Effective Date. In accordance with Bankruptcy Rules 2002 and 3020(c), within 10 days after the Effective Date, the Debtors shall serve notice of the entry of this Confirmation Order and the occurrence of the Effective Date, substantially in the form annexed hereto as Exhibit 3, to all parties who hold a Claim or Interest in these cases, including the United States Trustee. Such notice is hereby approved in all respects and shall be deemed good and sufficient notice of entry of this Confirmation Order and the occurrence of the Effective Date.

39. Substantial Consummation. On the Effective Date and upon completion of the distributions to the Bond Trustees at the Closing as contemplated under the Plan, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127 of the Bankruptcy Code.

40. Waiver of Stay. The stay of this Confirmation Order provided by any Bankruptcy Rule (including, without limitation, Bankruptcy Rules 3020(c), 6004(h), and 6006(d)), whether for ten (10) days or otherwise, is hereby waived, and this Confirmation Order shall be effective and enforceable immediately upon its entry by the Court.

41. Inconsistency. To the extent of any inconsistency between this Confirmation Order and the Plan, this Confirmation Order shall govern.

42. No Waiver. The failure to specifically include any particular provision of the Plan in this Confirmation Order shall not diminish the effectiveness of such provision nor constitute a waiver thereof, it being the intent of this Court that the Plan is confirmed in its entirety and incorporated herein by this reference.

Resolution of Objections and Comments

43. SSA Bonds. Nothing in the Plan or this Order shall alter the terms of paragraphs 15, 16 and 17 of the Sale Order, which provisions remain enforceable according to the terms.

44. Available Cash. For the avoidance of doubt, the definition of Available Cash in Section 1.15 of the Plan means the Debtors' "Cash on hand" as of the Effective Date and thereafter but explicitly excludes IEDs.

45. Releases. Notwithstanding anything to the contrary in the Plan or this Order, the releases provided in Article 7 of the Plan and paragraphs 24 and 25 of this Order shall not extend to any claims or counterclaims asserted in the adversary proceeding captioned, Lincolnshire Campus, LLC and Sedgebrook Inc. v. Alumital Corp et al., Adv. Pro. No. 10-03296, by any of the parties therein, or to any claims or causes of action against the Sedgebrook Bond Trustee owned or held by any Class 2 creditor, whether currently asserted or unasserted.

End of Order

EXHIBIT 1

LINCOLNSHIRE/SEDGEBROOK
LIENS TO BE EXTINGUISHED

- A. FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING DATED AS OF AUGUST 1, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233812, MADE BY SEDGEBROOK, INC., AND LINCOLNSHIRE CAMPUS, LLC, (MORTGAGORS), TO ILLINOIS FINANCE AUTHORITY, TO SECURE NOTES IN THE AGGREGATE AMOUNT OF \$137,145,000.00.

ASSIGNMENT OF FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING BY ILLINOIS FINANCE AUTHORITY TO MANUFACTURES AND TRADERS TRUST COMPANY BY INSTRUMENT RECORDED AUGUST 27, 2007 AS DOCUMENT 6233813.

ASSIGNMENT OF FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING BY MANUFACTURERS AND TRADERS TRUST COMPANY TO U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE, BY INSTRUMENT RECORDED MARCH 8, 2010 AS DOCUMENT 6580717.

- B. MORTGAGE AND SECURITY AGREEMENT (COMMUNITY LOAN MORTGAGE) DATED MAY 12, 2004 AND RECORDED MAY 21, 2004 AS DOCUMENT NO. 5564883 MADE BY LINCOLNSHIRE CAMPUS, LLC, A MARYLAND LIMITED LIABILITY COMPANY TO SEDGEBROOK, INC., A MARYLAND CORPORATION TO SECURE AN INDEBTEDNESS IN THE AMOUNT OF \$500,000,000.00.

FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT (COMMUNITY LOAN MORTGAGE) DATED AUGUST 1, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233814 BY AND BETWEEN LINCOLNSHIRE CAMPUS, LLC AND SEDGEBROOK, INC.

ASSIGNMENT OF COMMUNITY MORTGAGE DATED MAY 12, 2004 AND RECORDED MAY 21, 2004 AS DOCUMENT NO. 5564884, BY SEDGEBROOK, INC., A NON-PROFIT MARYLAND CORPORATION, TO MERCANTILE SAFE DEPOSIT AND TRUST COMPANY.

TERMINATION OF ASSIGNMENT OF COMMUNITY MORTGAGE DATED AUGUST 17, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233807, BY MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, TO SEDGEBROOK, INC.

ASSIGNMENT OF COMMUNITY MORTGAGE DATED AUGUST 1, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233815, BY SEDGEBROOK, INC., A MARYLAND NON-STOCK CORPORATION, TO MANUFACTURERS AND TRADERS TRUST COMPANY, BOND TRUSTEE.

LINCOLNSHIRE SUBORDINATION AGREEMENT DATED AUGUST 1, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT 6233830, BY AND BETWEEN MANUFACTURERS AND TRADERS TRUST COMPANY, SEDGEBROOK, INC., AND LINCOLNSHIRE CAMPUS, LLC.

- C. SECURITY INTEREST OF LINCOLNSHIRE CAMPUS, LLC, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING SEDGEBROOK, INC., AS DEBTOR, AND RECORDED MAY 21, 2004 AS DOCUMENT NO. 5564881.

ASSIGNED TO MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY BY ASSIGNMENT RECORDED MAY 21, 2004 AS DOCUMENT 5564882 AND FILED AS DOCUMENT NO. 9714554.

ASSIGNED TO LINCOLNSHIRE CAMPUS, LLC BY ASSIGNMENT RECORDED AUGUST 27, 2007 AS DOCUMENT 6233803.

ASSIGNED TO MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE, BY ASSIGNMENT RECORDED AUGUST 27, 2007 AS DOCUMENT 6233820.

- D. MORTGAGE AND SECURITY AGREEMENT (PURCHASE DEPOSIT MORTGAGE) DATED AUGUST 1, 2007 AND RECORDED. AUGUST 27, 2007 AS DOCUMENT NO. 6233817 MADE BY LINCOLNSHIRE CAMPUS, LLC TO SEDGEBROOK, INC., TO SECURE THE OBLIGATIONS THEREIN.
- E. SECURITY INTEREST OF SEDGEBROOK, INC., SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING MANUFACTURERS AND TRADERS TRUST COMPANY AS DEBTOR AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233818.
- F. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING LINCOLNSHIRE CAMPUS, LLC AS DEBTOR AND RECORDED AUGUST 27, 2007 AS DOCUMENT NO. 6233819.
- G. LEASE MADE BY LINCOLNSHIRE CAMPUS, LLC, A MARYLAND CORPORATION, TO SEDGEBROOK, INC., A MARYLAND CORPORATION, DATED MAY 12, 2004, A MEMORANDUM OF WHICH WAS RECORDED MAY 21, 2004 AS DOCUMENT NO. 5564885, DEMISING THE LAND FOR A TERM OF YEARS BEGINNING MAY 12, 2004, AND ALL RIGHTS THEREUNDER OF, AND

ALL ACTS DONE OR SUFFERED THEREUNDER BY, SAID LESSEE OR BY ANY PARTY CLAIMING BY, THROUGH, OR UNDER SAID LESSEE.

- H. MEMORANDUM OF PURCHASE OPTION AGREEMENT DATED AUGUST 1, 2007 AND RECORDED AUGUST 27, 2007 AS DOCUMENT 6233816, WHEREIN LINCOLNSHIRE CAMPUS, LLC GRANTED AN OPTION TO PURCHASE TO SEDGEBROOK, INC.
- I. MECHANICS LIEN CLAIM IN FAVOR OF MIDWEST ECOLOGICAL SERVICES, INC., AGAINST LINCOLNSHIRE CAMPUS, LLC, WALSH LANDSCAPE CONSTRUCTION, INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AND SEDGEBROOK, INC., RECORDED JULY 24, 2008 AS DOCUMENT NUMBER 6374190 IN THE AMOUNT OF \$12,434.03.

NOTE: LIEN BOND RECORDED JANUARY 26, 2009 AS DOCUMENT NO. 6428875.
- J. MECHANICS LIEN CLAIM IN FAVOR OF ILLINOIS MINING CORPORATION AGAINST CNL RETIREMENT ER5, LP DATED SEPTEMBER 16, 2008 AND RECORDED SEPTEMBER 16, 2008 AS DOCUMENT NUMBER 6391317 IN THE AMOUNT OF \$7,786.29.
- K. MECHANICS LIEN CLAIM IN FAVOR OF SOUTH SHORE IRON WORK'S INC., AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK, INC., AND MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE, RECORDED MAY 22, 2009 AS DOCUMENT NUMBER 6476255 IN THE AMOUNT OF \$208,163.10.
- L. MECHANICS LIEN CLAIM IN FAVOR OF SERVICE DRYWALL & DECORATING, INC., AGAINST WELCH DRYWALL CO., A SUBCONTRACTOR OF ERICKSON CONSTRUCTION LLC, LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK, INC., AND MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE RECORDED JUNE 19, 2009 AS DOCUMENT NUMBER 6487640 IN THE AMOUNT OF \$168,133.32.
- M. MECHANICS LIEN CLAIM IN FAVOR OF CATN MILL WORK INC., AGAINST ERICKSON CONSTRUCTION LLC, LINCOLNSHIRE CAMPUS LLC AND SEDGEBROOK, INC., RECORDED JUNE 25, 2009 AS DOCUMENT NUMBER 6490148 IN THE AMOUNT OF \$128,112.00.
- N. MECHANICS LIEN CLAIM IN FAVOR OF COMMERCIAL CARPET CONSULTANTS, INC., AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE AND ERICKSON CONSTRUCTION LLC RECORDED JUNE 25, 2009 AS DOCUMENT NUMBER 6490306 IN THE AMOUNT OF \$242,819.23.

- O. MECHANICS LIEN CLAIM IN FAVOR OF SUPERIOR TRUSS & PANEL INC., AGAINST LINCOLNSHIRE CAMPUS LLC, ERICKSON CONSTRUCTION LLC, ERICKSON GROUP LLC, ERICKSON RETIREMENT COMMUNITIES LLC AND JCE HOLDING CORP., RECORDED JUNE 30, 2009 AS DOCUMENT NUMBER 6491828 IN THE AMOUNT OF \$48,528.00.
- P. MECHANICS LIEN CLAIM IN FAVOR OF SHERMAN MECHANICAL, INC., AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK, INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE, AND ERICKSON CONSTRUCTION LLC RECORDED JULY 7, 2009 AS DOCUMENT NUMBER 6493803 IN THE AMOUNT OF \$268,512.50.
- Q. MECHANICS LIEN CLAIM IN FAVOR OF WELCH DRYWALL CO., AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK, INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE, AND ERICKSON CONSTRUCTION LLC RECORDED JULY 16, 2009 AS DOCUMENT NUMBER 6498833 IN THE AMOUNT OF \$323,739.24.
- R. MECHANICS LIEN CLAIM IN FAVOR OF BECKER ELECTRICAL GROUP, A/K/A SPEAKER ELECTRIC, INC., AGAINST ERICKSON CONSTRUCTION LLC, LINCOLNSHIRE CAMPUS LLC AND MANUFACTURERS & TRADERS TRUST CO., RECORDED JULY 29, 2009 AS DOCUMENT NUMBER 6504790 IN THE AMOUNT OF \$591,305.97.
- S. MECHANICS LIEN CLAIM IN FAVOR OF WESTSIDE MECHANICAL GROUP, INC., F/K/A WESTSIDE MECHANICAL, INC., AGAINST LINCOLNSHIRE CAMPUS LLC, ERICKSON RETIREMENT COMMUNITIES LLC, SEDGEBROOK INC., AND ERICKSON CONSTRUCTION LLC RECORDED AUGUST 4, 2009 AS DOCUMENT NUMBER 6506700 IN THE AMOUNT OF \$498,569.60.
- T. MECHANICS LIEN CLAIM IN FAVOR OF STREICH CORPORATION AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AS BOND TRUSTEE, AND ERICKSON CONSTRUCTION LLC RECORDED AUGUST 5, 2009 AS DOCUMENT NUMBER 6507180 IN THE AMOUNT OF \$30,646.62.
- U. MECHANICS LIEN CLAIM IN FAVOR OF PRATE INSTALLATIONS INC., AGAINST LINCOLNSHIRE CAMPUS LLC, SEDGEBROOK INC., MANUFACTURERS AND TRADERS TRUST COMPANY, AND ERICKSON CONSTRUCTION LLC RECORDED AUGUST 11, 2009 AS DOCUMENT NUMBER 6508871 IN THE AMOUNT OF \$205,857.38.
- V. MECHANICS LIEN CLAIM IN FAVOR OF ASCHER BROTHERS CO., INC. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 3, 2009 AS DOCUMENT NUMBER 6505975 IN THE AMOUNT OF \$169,895.03.

- W. MECHANICS LIEN CLAIM IN FAVOR OF JUST RITE ACOUSTICS, INC. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 21, 2009 AS DOCUMENT NUMBER 6513490 IN THE AMOUNT OF \$53,400.00.
- X. MECHANICS LIEN CLAIM IN FAVOR OF M.G.T. TRUCKING & EXCAVATING, INC. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 28, 2009 AS DOCUMENT NUMBER 6516034 IN THE AMOUNT OF \$12,963.25.
- Y. MECHANICS LIEN CLAIM IN FAVOR OF MITCH'S GREEN THUMB LANDSCAPING CORP. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 28, 2009 AS DOCUMENT NUMBER 6516035 IN THE AMOUNT OF \$60,374.30.
- Z. MECHANICS LIEN CLAIM IN FAVOR OF M.G.T. TRUCKING & EXCAVATING, INC. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 28, 2009 AS DOCUMENT NUMBER 6516056 IN THE AMOUNT OF \$22,578.53.
- AA. MECHANICS LIEN CLAIM IN FAVOR OF ANAGNOS DOOR CO., INC. AGAINST LINCOLNSHIRE CAMPUS, LLC ET AL. RECORDED AUGUST 28, 2009 AS DOCUMENT NUMBER 6516232 IN THE AMOUNT OF \$6,074.20.
- BB. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 09CH 3289 FILED AUGUST 14, 2009 BY WESTSIDE MECHANICAL GROUP, INC. AGAINST ERICKSON CONSTRUCTION LLC FOR FORECLOSURE OF MECHANICS LIEN RECORDED AS DOCUMENT NUMBER 6506700.
- CC. CASES 09 CH 3617, 09 CH 4156, AND 09 CH 4405 HAVE BEEN CONSOLIDATED WITH CASE 09 CH 3289 AS DISCLOSED BY LIS PENDENS NOTICE RECORDED JUNE 10, 2010 AS DOCUMENT NUMBER 6610968.
- DD. MECHANICS LIEN CLAIM IN FAVOR OF ILLINI HARDWARE CORPORATION AGAINST ERICKSON CONSTRUCTION, LLC AND LINCOLNSHIRE CAMPUS, LLC RECORDED SEPTEMBER 9, 2009 AS DOCUMENT NUMBER 6519197 IN THE AMOUNT OF \$28,131.00.
- EE. MECHANICS LIEN CLAIM IN FAVOR OF ILLINI HARDWARE CORPORATION AGAINST ERICKSON CONSTRUCTION, LLC AND LINCOLNSHIRE CAMPUS, LLC RECORDED SEPTEMBER 9, 2009 AS DOCUMENT NUMBER 6519198 IN THE AMOUNT OF \$14,987.00.
- FF. MECHANICS LIEN CLAIM IN FAVOR OF GLANDER PAVING COMPANY AGAINST ERICKSON CONSTRUCTION, LLC, LINCOLNSHIRE CAMPUS, LLC, ET AL. RECORDED SEPTEMBER 21, 2009 AS DOCUMENT NUMBER 6523855 IN THE AMOUNT OF \$17,325.20.
- GG. MECHANICS LIEN CLAIM IN FAVOR OF GLANDER PAVING COMPANY AGAINST ERICKSON CONSTRUCTION, LLC, LINCOLNSHIRE CAMPUS, LLC,

ET AL. RECORDED SEPTEMBER 21, 2009 AS DOCUMENT NUMBER 6523856 IN
THE AMOUNT OF \$5,770.00.

- HH. MECHANICS LIEN CLAIM IN FAVOR OF K-TECH BUSINESS SYSTEMS, INC.
D/B/A K-TECH, INC. AGAINST ERICKSON CONSTRUCTION, LLC,
LINCOLNSHIRE CAMPUS, LLC, ET AL. RECORDED SEPTEMBER 21, 2009 AS
DOCUMENT NUMBER 6523857 IN THE AMOUNT OF \$58,659.00.
- II. MECHANICS LIEN CLAIM IN FAVOR OF VALLEY FIRE PROTECTION
SYSTEMS, LLC, AGAINST ERICKSON CONSTRUCTION, LLC, LINCOLNSHIRE
CAMPUS, LLC, ET AL. RECORDED SEPTEMBER 21, 2009 AS DOCUMENT
NUMBER 6523858 IN THE AMOUNT OF \$25,954.50.
- JJ. MECHANICS LIEN CLAIM IN FAVOR OF G W THIEL, INC. AGAINST
LINCOLNSHIRE CAMPUS, LLC, SEDGEBROOK, INC., ERICKSON
CONSTRUCTION, LLC, ET AL. RECORDED SEPTEMBER 24, 2009 AS
DOCUMENT NUMBER 6525016 IN THE AMOUNT OF \$166,334.40.
- KK. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 09 CH 4405
FILED OCTOBER 2, 2009 BY COMMERCIAL CARPET CONSULTANTS, INC.
AGAINST ERICKSON CONSTRUCTION, LLC FOR FORECLOSURE OF
MECHANIC'S LIEN AS DISCLOSED BY LIS PENDENS NOTICE RECORDED
OCTOBER 2, 2009 AS DOCUMENT NUMBER 6528138.
- LL. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 09 CH 4156
FILED SEPTEMBER 23, 2009 BY SHERMAN MECHANICAL, INC. AGAINST
ERICKSON CONSTRUCTION, LLC FOR FORECLOSURE OF MECHANIC'S LIEN.
- MM. MECHANICS LIEN CLAIM IN FAVOR OF R C J ENTERPRISES, LTD. D/B/A
CHADWICK CONTRACTING COMPANY AGAINST ERICKSON
CONSTRUCTION, LLC., LINCOLNSHIRE CAMPUS, LLC, ET AL. RECORDED
OCTOBER 28, 2009 AS DOCUMENT NUMBER 6536172 IN THE AMOUNT OF
\$17,058.00.
- NN. MECHANICS LIEN CLAIM IN FAVOR OF NATURESCAPE DESIGN, INC.
AGAINST LINCOLNSHIRE CAMPUS, LLC, SEDGEBROOK, INC. ET AL.
RECORDED NOVEMBER 20, 2009 AS DOCUMENT NUMBER 6544541 IN THE
AMOUNT OF \$26,760.00.
- OO. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 10 CH 531
FILED FEBRUARY 1, 2010 BY JUST RITE ACOUSTICS, INC. AGAINST
LINCOLNSHIRE CAMPUS, LLC FOR FORECLOSURE OF MECHANIC'S LIEN AS
DISCLOSED BY LIS PENDENS NOTICE RECORDED FEBRUARY 4, 2010 AS
DOCUMENT NUMBER 6570854.
- PP. COUNTER CLAIM FILED JUNE 22, 2010 BY JUST RITE ACOUSTICS, INC.; LIS
PENDENS RECORDED AS DOCUMENT NO. 6814489.

- QQ. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 10CH3484 FILED JUNE 21, 2010 BY SUPERIOR TRUSS & PANEL AGAINST ERICKSON CONSTRUCTION, ET AL. FOR FORECLOSURE OF MEACHNICS LIEN CLAIM.
- RR. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 10CH3510 FILED JUNE 23, 2010 BY BANK OF AMERICA, N.A. AS ASSIGNEE OF WELCH DRYWALL AGAINST LINCOLNSHIRE CAMPUS, LLC, ET AL. FOR FORECLOSURE OF MECHANICS LIEN CLAIM.
- SS. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING LINCOLNSHIRE CAMPUS, LLC AS DEBTOR ON AUGUST 22, 2007 AS DOCUMENT NO. 0000000181317147.
- TT. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING LINCOLNSHIRE CAMPUS, LLC AS DEBTOR ON AUGUST 22, 2007 AS DOCUMENT NO. 0000000181317148.
- UU. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING SEDGEBROOK, INC. AS DEBTOR ON AUGUST 22, 2007 AS DOCUMENT NO. 0000000181317143.
- VV. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING SEDGEBROOK, INC. AS DEBTOR ON AUGUST 22, 2007 AS DOCUMENT NO. 0000000181317144.
- WW. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING SEDGEBROOK, INC. AS DEBTOR ON AUGUST 22, 2007 AS DOCUMENT NO. 0000000181317146.

NAPERVILLE/MONARCH LANDING
LIENS TO BE EXTINGUISHED

- A. MORTGAGE AND SECURITY AGREEMENT DATED MAY 26, 2005 AND RECORDED JULY 20, 2005 AS DOCUMENT NO. R2005-155073 MADE BY NAPERVILLE CAMPUS, LLC, TO MONARCH LANDING, INC. TO SECURE AN INDEBTEDNESS IN THE AMOUNT OF \$542,559,000.00.
- SAID MORTGAGE WAS SUBORDINATED TO THE LIEN OF MORTGAGE DOCUMENT R2008-3497 BY SUBORDINATION AGREEMENT RECORDED AS DOCUMENT R2008-3499.
- AMENDMENT TO MORTGAGE RECORDED JANUARY 8, 2008 AS DOCUMENT R2008-3500.
- SAID MORTGAGE WAS ASSIGNED TO MANUFACTURERS AND TRADERS TRUST COMPANY BY ASSIGNMENT RECORDED JANUARY 8, 2008 AS DOCUMENT R2008-3501.
- B. FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING DATED AS OF DECEMBER 1, 2007 AND RECORDED JANUARY 8, 2008 AS DOCUMENT R2008-3497 MADE BY MONARCH LANDING, INC. AND NAPERVILLE CAMPUS, LLC, TO ILLINOIS FINANCE AUTHORITY TO SECURE AN INDEBTEDNESS IN THE AMOUNT OF \$179,361,439.
- SAID MORTGAGE WAS ASSIGNED TO MANUFACTURERS AND TRADERS TRUST COMPANY BY ASSIGNMENT RECORDED JANUARY 8, 2008 AS DOCUMENT R2008-3498
- SAID MORTGAGE WAS ASSIGNED TO WELLS FARGO BANK NATIONAL ASSOCIATION TRUSTEE BY ASSIGNMENT RECORDED MARCH 9, 2009 AS DOCUMENT 2010031907.
- C. MORTGAGE AND SECURITY AGREEMENT (PURCHASE DEPOSIT MORTGAGE) DATED AS OF DECEMBER 1, 2007 AND RECORDED JANUARY 8, 2008 AS DOCUMENT NO. R2008-3503 MADE BY NAPERVILLE CAMPUS, LLC, TO MONARCH LANDING, INC. TO SECURE AN INDEBTEDNESS FOR THE PAYMENT AND PERFORMANCE OF THE OBLIGATIONS AS DEFINED THEREIN.
- D. SECURITY INTEREST OF NAPERVILLE CAMPUS LLC, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING MONARCH LANDING, INC. AS DEBTOR AND RECORDED JULY 20, 2005 AS DOCUMENT NO. R2005-155070 (2005U-590).

ASSIGNMENT TO LASALLE BANK NATIONAL ASSOCIATION, AS
COLLATERAL AND ADMINISTRATIVE AGENT, RECORDED JULY 20, 2005 AS
DOCUMENT R2005-155071 (2005U-591).

ASSIGNMENT TO NAPERVILLE CAMPUS, LLC RECORDED JANUARY 8, 2008
AS DOCUMENT R2008-3490 (2008U-21).

ASSIGNMENT TO MANUFACTURERS AND TRADERS TRUST COMPANY, AS
TRUSTEE, RECORDED JANUARY 8, 2008 AS DOCUMENT R2008-3506 (2008U-
25).

- E. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST
COMPANY, AS TRUSTEE, SECURED PARTY, IN CERTAIN DESCRIBED
CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT
NAMING MONARCH LANDING, INC. AS DEBTOR AND RECORDED JANUARY
8, 2008 AS DOCUMENT NO. R2008-3504 (2008U-23).
- F. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST
COMPANY, AS TRUSTEE, SECURED PARTY, IN CERTAIN DESCRIBED
CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT
NAMING NAPERVILLE CAMPUS, LLC AS DEBTOR AND RECORDED
JANUARY 8, 2008 AS DOCUMENT NO. R2008-3505 (2008U-24).
- G. SUBCONTRACTOR'S NOTICE AND MECHANICS LIEN CLAIM IN FAVOR OF
INTERNATIONAL TEST & BALANCE, INC., AN ILLINOIS CORPORATION,
AGAINST NAPERVILLE CAMPUS LIMITED LIABILITY COMPANY, A
MARYLAND LIMITED LIABILITY COMPANY RECORDED JUNE 22, 2009 AS
DOCUMENT NUMBER 2009 095135 IN THE AMOUNT OF \$18,386.97.
- H. INTEREST OF MONARCH LANDING, INC. UNDER MEMORANDUM OF
PURCHASE OPTION AGREEMENT RECORDED JANUARY 8, 2008 AS
DOCUMENT R2008-3502 MADE WITH NAPERVILLE CAMPUS, LLC, AND OF
ALL PARTIES CLAIMING THEREUNDER.
- I. LEASE MADE BY NAPERVILLE CAMPUS LLC TO MONARCH LANDING, INC.
DATED MAY 26, 2005, A MEMORANDUM OF WHICH WAS RECORDED JULY
20, 2005 AS DOCUMENT NO. R2005-155076, DEMISING THE LAND FOR A TERM
OF YEARS BEGINNING MAY 25, 2005 AND ENDING ON THE 20TH YEAR
ANNIVERSARY DATE FROM THE INITIAL COMMENCEMENT DATE, SAID
DATE BEING THE DATE THE TENANT ACCEPTS AND OCCUPIES THE FIRST
PHASE FOR ITS INTENDED USE, AND ALL RIGHTS THEREUNDER OF, AND
ALL ACTS DONE OR SUFFERED THEREUNDER BY, SAID LESSEE OR BY ANY
PARTY CLAIMING BY, THROUGH, OR UNDER SAID LESSEE.
- J. MECHANICS LIEN CLAIM IN FAVOR OF ROBERTS ENVIRONMENTAL
CONTROL CORP. AGAINST NAPERVILLE CAMPUS, LLC ET AL. RECORDED

NOVEMBER 17, 2009 AS DOCUMENT NUMBER R2009-172917 IN THE AMOUNT OF \$6,600.00.

- K. MECHANICS LIEN CLAIM IN FAVOR OF ROBERTS ENVIRONMENTAL CONTROL CORP., AGAINST NAPERVILLE CAMPUS ET AL. RECORDED NOVEMBER 24, 2009 AS DOCUMENT NUMBER R2009-176350 IN THE AMOUNT OF \$6,600.00.
- L. MECHANICS LIEN CLAIM IN FAVOR OF ROBERTS ENVIRONMENTAL CONTROL CORP. AGAINST NAPERVILLE CAMPUS, LLC, ERICKSON CONSTRUCTION, LLC, ET AL. RECORDED DECEMBER 7, 2009 AS DOCUMENT NUMBER R2009-182282 IN THE AMOUNT OF \$36,640.81.
- M. MECHANICS LIEN CLAIM IN FAVOR OF SERVICECARE INC, D/B/A SERVICECARE CLEANING & RESTORATION AGAINST NAPERVILLE CAMPUS, LLC, MONARCH LANDING, INC., ET AL. RECORDED FEBRUARY 16, 2010 AS DOCUMENT NUMBER R2010-21222 IN THE AMOUNT OF \$4,383.00.
- N. MECHANICS LIEN CLAIM IN FAVOR OF KONEMATIC, INC, D/B/A DOOR SYSTEMS AGAINST NAPERVILLE CAMPUS, LLC, ET AL. RECORDED AUGUST 23, 2010 AS DOCUMENT NUMBER R2010-109897 IN THE AMOUNT OF \$1,321.81.
- O. MECHANICS LIEN CLAIM IN FAVOR OF ALUMITAL CORP. IN THE AMOUNT OF \$14,000 AS EVIDENCED BY THAT CERTAIN SUBCONTRACTOR'S NOTICE OF CLAIM OF LIEN DATED SEPTEMBER 3, 2009.
- P. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE, SECURED PARTY, AS DISCLOSED BY FINANCING FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING MONARCH LANDING, INC. AS DEBTOR ON JANUARY 23, 2008 AS DOCUMENT NO. 0000000181331941.
- Q. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING MONARCH LANDING, INC. AS DEBTOR ON JANUARY 23, 2008 AS DOCUMENT NO. 0000000181331939.
- R. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION NAMING MONARCH LANDING, INC. AS DEBTOR ON JANUARY 23, 2008 AS DOCUMENT NO. 0000000181331938.
- S. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT FILED WITH THE MARYLAND STATE DEPARTMENT OF

ASSESSMENTS AND TAXATION NAMING NAPERVILLE CAMPUS, LLC AS
DEBTOR ON JANUARY 23, 2008 AS DOCUMENT NO. 0000000181331943.

- T. SECURITY INTEREST OF MANUFACTURERS AND TRADERS TRUST
COMPANY, SECURED PARTY, AS DISCLOSED BY FINANCING STATEMENT
FILED WITH THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND
TAXATION NAMING NAPERVILLE CAMPUS, LLC AS DEBTOR ON JANUARY
23, 2008 AS DOCUMENT NO. 0000000181331946.

EXHIBIT 2

LINCOLNSHIRE/SEDGEBROOK
ENCUMBRANCES NOT TO BE EXTINGUISHED

1. GRANT OF EASEMENT DATED DECEMBER 13, 1985 AND RECORDED MARCH 24, 1986 AS DOCUMENT 2428651, BETWEEN THE FIRST NATIONAL BANK OF SKOKIE AS TRUSTEE UNDER TRUST NUMBER 5310, THE GRANTOR, AND TOWER PARKWAY ASSOCIATES, AND THE VILLAGE OF LINCONSHIRE, AN ILLINOIS MUNICIPAL CORPORATION, THE GRANTEE WHEREIN THE GRANTOR GIVES THE GRANTEE A 6 FOOT NON EXCLUSIVE ACCESS EASEMENT OVER THE FOLLOWING DESCRIBED REAL ESTATE:

THAT PART OF SECTION 23 AND 26, TOWNSHIP 43 NORTH RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION BEING SUBDIVISION IN SECTION 26, TOWNSHIP 43 NORTH, RANGE 11, WITH THE CENTERLINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE CENTERLINE OF MILWAUKEE AVENUE 1203.4 FEET TO THE CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD 50.09 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE, BEING THE POINT OF BEGINNING OF THE EASEMENT HEREIN INTENDED TO BE DESCRIBED, THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE 950 FEET; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 6.01 FEET; THENCE SOUTH 14 DEGREES, 48 MINUTES, 02 SECONDS EAST 950 FEET TO THE CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE SOUTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 6.01 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE BEING THE POINT OF BEGINNING IN LAKE COUNTY, ILLINOIS.

(AFFECTS THE WESTERLY 6 FEET OF THE SOUTHERLY 950 FEET OF THE LAND)

2. 20 FOOT SANITARY SEWER EASEMENT ALONG THE SOUTHERLY AND EASTERLY LINES OF THE LAND, AS DISCLOSED BY PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
3. RIGHTS OF VARIOUS UTILITIES TO MAINTAIN FACILITIES ALONG THE NORTHEASTERLY, WESTERLY AND SOUTHERLY LOT LINES, AS DEPICTED ON THE PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
4. GRANT OF A 20 FOOT SEWER EASEMENT DATED DECEMBER 13, 1976 AND RECORDED AUGUST 30, 1977 AS DOCUMENT NO. 1861549 MADE BY AND BETWEEN THE FIRST NATIONAL BANK OF SKOKIE, AS TRUSTEE UNDER TRUST NUMBER 5310 AND THE VILLAGE OF LINCOLNSHIRE OVER THE FOLLOWING LAND:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION, BEING A SUBDIVISION IN SECTION 26, TOWNSHIP 43 RANGE 11, WITH THE CENTER LINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES 48 MINUTES 02 SECONDS WEST ALONG THE CENTER LINE OF MILWAUKEE AVENUE, 1203.4 FEET TO THE CENTER LINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES 36 MINUTES 8 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD, 1478.42 FEET TO THE PLACE OF BEGINNING OF THE CENTER LINE OF EASEMENT HEREIN INTENDED TO BE DESCRIBED; THENCE NORTH 0 DEGREES 11 MINUTES 22 SECONDS EAST, 872.19 FEET; THENCE NORTH 19 DEGREES 04 SECONDS 00 MINUTES EAST, 661.86 FEET TO A POINT ON THE CENTER LINE OF NORTH MILL ROADWHIC IS 1900.74

FEET SOUTHEASTERLY (AS MEASURED ALONG THE CENTER LINE OF SAID ROAD) FROM THE WEST LINE OF SAID SECTION 23, AND WHICH IS THE NORTHERLY TERMINUS OF THE 20 FOOT WIDE EASEMENT HEREIN INTENDED TO BE DESCRIBED, IN LAKE COUNTY, ILLINOIS.

5. ORDINANCE NO. 03-1863-40, ANNEXING THE LAND TO THE VILLAGE OF LINCOLNSHIRE RECORDED NOVEMBER 17, 2003 AS DOCUMENT 5434456.
6. VILLAGE OF LINCOLNSHIRE ORDINANCE NO. 04-1905-21 RECORDED AUGUST 20, 2004 AS DOCUMENT 5628300 AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW MODIFICATIONS TO THE OVERALL CAMPUS DESIGN AND TO ALLOW INTEGRATED PARKING STRUCTURES.
7. THE LAND LIES WITHIN THE BOUNDARIES OF VILLAGE OF LINCOLNSHIRE SPECIAL SERVICE AREA NUMBER 1 AS DISCLOSED BY ORDINANCE RECORDED OCTOBER 29, 2004 AS DOCUMENT 5672728 AND ORDINANCE RECORDED OCTOBER 29, 2004 AS DOCUMENT 5672731 ISSUING SEPCIAL SERVICE AREA NUMBER 1 SPECIAL TAX BONDS SERIES 2004, AND IS SUBJECT TO ADDITIONAL TAXES UNDER THE TERMS OF SAID ORDINANCE AND SUBSEQUENT RELATED ORDINANCES.
8. FLOODPLAIN EASEMENT AND STORMWATER MANAGEMENT EASEMENT, AND BLANKET EASEMENT FOR STORM SEWER AND OVERLAND FLOW, AND THE RESTRICTIVE COVENANTS AND USE RESTRICTONS RELATING THERETO, CONTAINED IN THE PLAT OF EASEMENT RECORDED JULY 8, 2004 AS DOCUMENT NO. 5596461. SEE PLAT FOR EXACT LOCATIONS OF EASEMENTS.
9. TERMS AND PROVISIONS OF AN ORDINANCE AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW THE EXPANSION OF PARKING DECK 1.0 SERVING NEIGHBORHOOD NO. 1 OF THE SEDGEBROOK CONTINUING CARE RETIREMENT CAMPUS (ERICKSON RETIREMENT COMMUNITIES), RECORDED AUGUST 20, 2004, AS DOCUMENT NUMBER 5628298.
10. DECLARATION OF CONSENT TO PAYMENT OF REAL ESTATE PROPERTY TAXES LEVIED AND EXTENDED PURSUANT TO LAW DATED MAY 19, 2005 AND RECORDED MAY 25, 2005 AS DOCUMENT 5787958 BY CNL RETIREMENT ER5, LP, A DELAWARE LIMITED PARTNERSHI, AND THE TERMS, PROVISIONS, COVENANTS AND CONDITIONS CONTAINED THEREIN.
11. "AREA RESERVED FOR FUTURE R.O.W. DEDICATION TO THE VILLAGE OF LINCOLNSHIRE", AS NOTED ON THE PLAT OF SUBDIVISION RECORDED OCTOBER 5, 2005 AS DOCUMENT NUMBER 5870940, AFFECTING THE NORTHWEST CORNER OF THE LAND.
12. BUILDING LINE(S) AS SHOWN ON THE PLAT OF SUBDIVISION RECORDED AS DOCUMENT NO. 5870940, AFFECTING THE NORTH 100 FEET, THE EAST 50 FEET, THE SOUTH 50 FEET AND THE WEST 100 FEET OF THE LAND.
13. 25 FOOT AREA RESERVED FOR FUTURE RIGHT OF WAY DEDICATION TO THE ILLINOIS DEPARTMENT OF TRANSPORTATION AS DEPICTED ALONG MILWAUKEE AVENUE ON PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.
14. 25 FOOT PARKING SETBACK LINE ALONG THE SOUTHERLY PART OF THE LAND AS SHOWN ON PLAT OF SEDGEBROOK SUBDIVISION, RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.

15. EASEMENT IN FAVOR OF THE VILLAGE OF LINCOLNSHIRE FOR THE PURPOSE OF HIKING AND RECREATIONAL PATH, AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED/FILED OCTOBER 25, 2005 AS DOCUMENT NO. 5870940 AFFECTING THE SOUTHERLY AND EASTERLY PARTS OF THE LAND, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.
16. BLANKET EASEMENT FOR WATERMAIN & WATER METER ACCESS AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940:

AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE VILLAGE OF LINCOLNSHIRE AND THEIR SUCCESSORS AND ASSIGNS, IN, UPON, ACROSS, OVER, UNDER AND THROUGH THAT PART OF LOT 1 AS DEFINED IN SURVEYOR'S NOTE 1 TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN UNDERGROUND WATER MAINS WITH ALL NECESSARY MANHOLES, WATER VALVES, AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THE SUBDIVISION WITH WATER SERVICE; THE RIGHT TO ENTER UPON THE LOT AT ALL TIMES TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN WITHIN SAID EASEMENT AREA SAID MANHOLES, WATER VALVES, AND OTHER EQUIPMENT; AND FINALLY THE RIGHT IS HEREBY GRANTED TO CUT DOWN AND REMOVE, OR TRIM AND KEEP TRIMMED, ANY TREES, SHRUBS, OR SAPLINGS THAT INTERFERE OR THREATEN TO INTERFERE WITH SAID WATERMAINS AND FACILITIES. IT IS FURTHER UNDERSTOOD THE ABOVE EASEMENTS SHALL BE NON-EXCLUSIVE. HOWEVER, NO PERMANENT BUILDINGS, ACCESSORY BUILDINGS, SHEDS OR OTHER STRUCTURES SHALL BE PLACED IN BLANKET EASEMENTS.

SURVEYORS NOTES:

1. A BLANKET EASEMENT FOR WATERMAIN AND WATER METER ACCESS IS HEREBY GRANTED OVER ALL OF LOT 1, EXCEPT FOR THE FOLLOWING AREAS WHICH ARE EXCLUDED FROM THE BLANKET EASEMENT:
 - A) THE AREA WITHIN THE FLOODPLAIN EASEMENT
 - B) THE AREA WITHIN THE STORM WATER MANAGEMENT EASEMENT
 - C) THE AREA WITHIN THE DESIGNATED NON-EASEMENT AREAS IN THE APPROXIMATE LOCATION SHOWN HEREON AND AS DEFINED BELOW.
 - D) THE AREA WITHIN THE HIKING AND RECREATIONAL PATH EASEMENT GRANTED HEREON TO THE LAKE COUNTY FOREST PRESERVE DISTRICT
2. THE LIMITS OF THE DESIGNATED NON-EASEMENT AREAS WILL BE A 3 FOOT ENVELOPE MEASURED FROM THE OUTSIDE FACE OF THE CONSTRUCTED BUILDINGS, ENCOMPASSING THE BUILDING AND THE 3 FOOT AREA. (APPROXIMATE LIMITS OF THE NON-EASEMENT AREAS HAVE BEEN SHOWN HEREON BASED ON THE "SEDGEBROOK PHASE 1A SITE WORK" LAST DATED JUNE 23, 2004).
17. EASEMENT IN FAVOR OF COMCAST OF CALIFORNIA/ILLINOIS, LP, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. 6013822.
18. EASEMENT IN FAVOR OF THE LAKE COUNTY FOREST PRESERVE DISTRICT FOR THE PURPOSE OF INSTALLING AND MAINTAINING A PUBLIC TRAIL CORRIDOR, GRANTED BY PLAT OF EASEMENT RECORDED/FILED FEBRUARY 27, 2006 AS DOCUMENT NUMBER 5953269, AND TRAIL EASEMENT AGREEMENT RECORDED/FILED APRIL 26, 2006, AS DOCUMENT NO. 5983517, AFFECTING THE SOUTHEASTERLY PART OF THE

LAND, AS MORE SPECIFICALLY DESCRIBED ON EXHIBIT 2 ATTACHED THERETO, AND DEPICTED ON THE PLAT ATTACHED AS EXHIBIT 3 THERETO, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.

19. TERMS AND CONDITIONS CONTAINED IN THE MAINTENANCE AND HOLD HARMLESS COVENANT DATED OCTOBER 26, 2007 AND RECORDED NOVEMBER 1, 2007 AS DOCUMENT NO. 6264391.
20. EXISTING UNRECORDED LEASES AS DISCLOSED BY RENT ROLL ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONNECTION WITH THE CLOSING AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.
21. RIGHTS OF PARTIES, IF ANY, UNDER RESIDENCE AND CARE AGREEMENTS AS SHOWN ON EXHIBIT "A" ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONNECTION WITH THE CLOSING AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER SAID AGREEMENT.

**NAPERVILLE/MONARCH LANDING
ENCUMBRANCES NOT TO BE EXTINGUISHED**

1. LEASE MADE BY NAPERVILLE CAMPUS, LLC, AND MONARCH LANDING, INC. TO CITY OF NAPERVILLE DATED APRIL 6, 2005 ATTACHED TO ORDINANCE 05-057 RECORDED MAY 17, 2005 AS DOCUMENT NO. R2005-102297, RE-RECORDED AUGUST 16, 2005 AS DOCUMENT R2005-177028, DEMISING THE LAND FOR A TERM OF YEARS BEGINNING JUNE 1, 2007 AND CONTINUING FOR 89 YEARS UNLESS TERMINATED BY THE TENANT PRIOR THERETO, TOGETHER WITH THE OPTION TO RENEW FOR 5 ADDITIONAL 10 YEARS PERIODS, AND ALL RIGHTS THEREUNDER OF, AND ALL ACTS DONE OR SUFFERED THEREUNDER BY, SAID LESSEE OR BY ANY PARTY CLAIMING BY, THROUGH, OR UNDER SAID LESSEE.

SUBORDINATION AGREEMENT RECORDED DECEMBER 27, 2005 AS DOCUMENT R2005-284671.

(AFFECTS THAT PART OF LOT 1 DESCRIBED AS COMMENCING AT THE EASTERLY MOST NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 05 DEGREES 36 MINUTES 56 SECONDS WEST ALONG THE EASTERLY MOST LINE OF SAID LOT 1 A DISTANCE OF 368.63 FEET; THENCE NORTH 84 DEGREES 23 MINUTES 04 SECONDS WEST 100.18 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 05 DEGREES 36 MINUTES 56 SECONDS WEST 15.00 FEET; THENCE NORTH 84 DEGREES 23 MINUTES 04 SECONDS WEST 20.00 FEET; THENCE NORTH 05 DEGREES 36 MINUTES 56 SECONDS EAST 11.67 FEET; THENCE NORTH 84 DEGREES 23 MINUTES 04 SECONDS WEST 16.00 FEET; THENCE NORTH 05 DEGREES 36 MINUTES 56 SECONDS EAST 28.33 FEET; THENCE SOUTH 84 DEGREES 23 MINUTES 04 SECONDS EAST 15.00 FEET; THENCE SOUTH 05 DEGREES 36 MINUTES 56 SECONDS WEST 24.67 FEET; THENCE SOUTH 84 DEGREES 23 MINUTES 04 SECONDS EAST 21.00 FEET TO THE POINT OF BEGINNING)

2. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN ANNEXATION AGREEMENT MADE BY CITY OF NAPERVILLE, DATED DECEMBER 7, 1981 AND RECORDED DECEMBER 11, 1981 AS DOCUMENT R81-65242, AS AMENDED BY DOCUMENTS R97-108562, R2005-68409, R2005-205044 AND R2005-241556, RELATING TO THE DEVELOPMENT OF THE LAND, FEES AND CHARGES IN CONNECTION THEREWITH AND PROVIDING FOR PARKING AND SETBACK REQUIREMENTS.

(AFFECTS PART OF LOT 1 AND ALL OF LOT 2)

3. COVENANTS AND RESTRICTIONS (BUT OMITTING ANY SUCH COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS), RELATING IN PART TO ASSOCIATION, ASSESSMENTS AND LIEN THEREFOR, CONTAINED IN THE DOCUMENT RECORDED SEPTEMBER 25, 1997 AS DOCUMENT NO. R97-144807, AS AMENDED BY DOCUMENTS R99-85853, R99-072255, R1999-189391, R2005-64097 AND R2005-66769, WHICH DOES NOT CONTAIN A REVERSIONARY OR FORFEITURE CLAUSE.

(AFFECTS PART OF LOT 1 AND ALL OF LOT 2)

4. PUBLIC UTILITIES UTILITY AND DRAINAGE EASEMENT AS SHOWN AND SET FORTH ON THE PLAT OF PRAIRIE POINT CORPORATE PARK UNIT 3, RECORDED AS DOCUMENT R99-51936 AND AS SHOWN ON PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

10 FEET ALONG THE SOUTHERLY LINE OF LOT 1; 10 FEET ALONG THE SOUTHERLY
LINE AND 7.5 FEET ALONG THE EASTERLY LINE OF LOT 2

5. GRANT OF PERMANENT EASEMENT RECORDED FEBRUARY 23, 1999 AS DOCUMENT R99-046490 AND AS SHOWN ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, IN FAVOR OF THE COUNTY OF DUPAGE, STATE OF ILLINOIS, FOR THE USE OF THE COUNTY DIVISION OF TRANSPORTATION, ITS EMPLOYEES, REPRESENTATIVE, AGENTS, CONTRACTORS AND ENGINEERS, FOR THE PURPOSE OF ROADWAY, DRAINAGE AND GRADING IMPROVEMENTS AND PROVISIONS AND CONDITIONS CONTAINED THEREIN OVER THE FOLLOWING DESCRIBED PROPERTY:

10 FEET ALONG THE SOUTH LINE OF LOT 1

6. EASEMENT IN FAVOR OF NORTHERN ILLINOIS GAS COMPANY, AN ILLINOIS CORPORATION, DOING BUSINESS AS NICOR GAS, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. R2005-167870, AFFECTING THE WEST 20 FEET OF THE NORTH 70 FEET OF THE SOUTH 90 FEET OF LOT 2 IN MONARCH LANDING.

7. PUBLIC UTILITIES UTILITY AND DRAINAGE EASEMENT AS SHOWN AND SET FORTH ON THE PLATS OF PRAIRIE POINT CORPORATE PARK UNIT 3, RECORDED AS DOCUMENT R99-51936, AND PRAIRIE POINT CORPORATE PARK UNIT THREE RESUBDIVISION NO. 3, RECORDED AS DOCUMENT R2001-7594, PRAIRIE POINT CORPORATE PARK UNIT THREE RESUBDIVISION NO. 4, RECORDED AS DOCUMENT R2001-138505, AND, MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

10 FEET ALONG THE SOUTHERLY LINE BORDERING FERRY ROAD, 7.5 FEET ALONG THE NORTH LINE BORDERING TOWN LINE ROAD AND THE WESTERLY 10 FEET OF THE MOST EASTERLY 25 FEET OF LOT 1

8. LANDSCAPE EASEMENT AS SHOWN AND SET FORTH ON THE PLAT OF PRAIRIE POINT CORPORATE PARK UNIT THREE RESUBDIVISION NO. 4, RECORDED AS DOCUMENT R2001-138505, AND AS SHOWN ON PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

15 FEET ALONG THE MOST EASTERLY LINE OF LOT 1

9. RIGHTS OF PUBLIC UTILITY COMPANIES IN AND TO THE USE AND MAINTENANCE OF A WATER LINE ALONG THE SOUTHERLY LINE OF LOTS 1 AND 2, AN ELECTRIC TRANSFORMER PAD IN THE SOUTHERLY PART OF LOT 1 AND ELECTRIC PEDESTALS AND UNDERGROUND ELECTRIC LINE ALONG THE WEST LINE OF LOT 1 SHOWN ON A SURVEY MADE BY V3 CONSULTANTS DATED NOVEMBER 2, 2010, JOB NUMBER 03099SCD.

10. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN AN INTERGOVERNMENTAL AGREEMENT ATTACHED TO ORDINANCE 05-040 RECORDED AS DOCUMENT R2005-86408 MADE BY AND AMONG NAPERVILLE CAMPUS, LLC.; MONARCH LANDING, INC.; THE CITY OF NAPERVILLE; AND THE CITY OF WARRENVILLE, RELATING TO THE DEVELOPMENT OF THE LAND AND PROVIDING FOR CITY SERVICES TO THE LAND.

11. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN A DECLARATION OF COVENANTS AND RESTRICTIONS FOR MONARCH LANDING RECORDED APRIL 6, 2005 AS DOCUMENT R2005-70362 AND RE-RECORDED AS DOCUMENT R2005-98883 (BUT OMITTING ANY SUCH COVENANT OR RESTRICTION BASED ON RACE, COLOR,

RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS).

12. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN AN INTERGOVERNMENTAL AGREEMENT ATTACHED TO ORDINANCE 05-056 RECORDED MAY 17, 2005 AS DOCUMENT R2005-102296 MADE BY AND AMONG NAPERVILLE CAMPUS, LLC, MONARCH LANDING, INC., THE WARRENVILLE FIRE PROTECTION DISTRICT AND THE CITY OF NAPERVILLE.
13. NO VEHICULAR ACCESS EASEMENT AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS: 12 FEET ALONG THE NORTH, NORTHWESTERLY, AND MOST NORTHERLY EAST LINE OF LOT 1
14. CONSERVATION EASEMENT AREAS AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300 AFFECTING PARTS OF LOT 1. (SEE PLAT FOR EXACT LOCATIONS)
15. STORM WATER MANAGEMENT EASEMENT AREAS AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300 AFFECTING PARTS OF LOT 1. (SEE PLAT FOR EXACT LOCATION)
16. RESERVATION FOR FUTURE CONVEYANCE TO ILLINOIS DEPARTMENT OF TRANSPORTATION FOR ILLINOIS ROUTE 59 RIGHT OF WAY AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

25 FEET ALONG THE WESTERLY LINE OF LOT 1 AD 24.
17. SETBACK LINE AS SHOWN ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

45 FEET ALONG THE WESTERLY LINES, 10 FEET ALONG THE MOST EASTERLY EAST LINE, 20 FEET ALONG THE SOUTHERLY LINE AND ALONG THE EASTERLY AND SOUTHERLY LINES BORDERING CORPORATE LANE, ALL IN LOT 1 20 FEET ALONG THE SOUTHERLY, EASTERLY, AND NORTHWESTERLY LINES OF LOT 2
18. PUBLIC UTILITY EASEMENT AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

A 34 BY 37 FOOT AREA ALONG THE EASTERLY LINE OF LOT 1
A 20 BY 40 FOOT AREA ALONG THE EASTERLY LINE OF LOT 2
23. SIDEWALK EASEMENT AS SHOWN AND SET FORTH ON THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300, AS FOLLOWS:

AN AREA IN THE SOUTHEASTERLY PART OF LOT 1
24. THE PLAT OF MONARCH LANDING RECORDED AS DOCUMENT R2005-102300 INCLUDES A CERTIFICATION BY THE SURVEYOR THAT THE LAND LYING NORTH OF TOWNLINE ROAD IS IN ZONE A AND THAT THE LAND LYING SOUTH OF TOWNLINE ROAD IS IN ZONE X AS IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY.
25. MATTERS AS SHOWN ON SURVEY PREPARED BY V3 CONSULTANTS DATED NOVEMBER 2, 2010, JOB NUMBER 03099SCD AS FOLLOWS:

DIRT AND STOCK PILES.

26. RIGHTS, IF ANY, OF PUBLIC AND QUASI-PUBLIC UTILITIES IN THE LAND AS SHOWN ON SURVEY PREPARED BY V3 CONSULTANTS DATED NOVEMBER 2, 2010, JOB NUMBER 03099SCD AS FOLLOWS:

TRANSFORMER PAD;
WATER MAINS;
WATER VALVE VAULT;
STORM SEWER;
STORM INLETS;
STORM/SANITARY MANHOLES;
ELECTRICAL METERS;
ELECTRICAL JUNCTION BOXES;
UNDERGROUND ELECTRIC;
PAINTED ELECTRIC LINES;
ELECTRIC PEDESTALS.

27. THE LAND LIES WITHIN THE BOUNDARIES OF A SPECIAL SERVICE AREA AS DISCLOSED BY ORDINANCE RECORDED AS DOCUMENT R2006-120137, AND IS SUBJECT TO ADDITIONAL TAXES UNDER THE TERMS OF SAID ORDINANCE AND SUBSEQUENT RELATED ORDINANCES.

28. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN COVENANT RUNNING WITH THE LAND RECORDED AUGUST 16, 2006 AS DOCUMENT R2006-157687, RELATING TO INSTALLATION OF AUTOMATIC LAWN SPRINKLING SYSTEM ON THE LAND.

(AFFECTS LOT 1)

29. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN COVENANT RUNNING WITH THE LAND RECORDED AUGUST 15, 2006 AS DOCUMENT R2006-157688, RELATING TO INSTALLATION OF AUTOMATIC LAWN SPRINKLING SYSTEM ON THE LAND.

(AFFECTS LOT 2)

30. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN ORDINANCE NO. 2201, CITY OF WARRENVILLE APPROVING FINAL PUD PLAN/PLAT AND DOCUMENTS - NAPERVILLE CAMPUS LLC/MONARCH LANDING - PHASE I (ERICKSON RETIREMENT COMMUNITY), A COPY OF WHICH WAS RECORDED AUGUST 25, 2006 AS DOCUMENT R2006-165702.

(AFFECTS ALL)
31. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN ORDINANCE NO. 07-104, CITY OF WARRENVILLE APPROVING A MAJOR CHANGE TO THE PLANNED UNIT DEVELOPMENT FOR PHASE II AND III OF MONARCH LANDING, A COPY OF WHICH WAS RECORDED JULY 29, 2009 AS DOCUMENT R2009-117793.

(AFFECTS ALL)
32. ATTENTION IS DIRECTED TO A PLAT OF HIGHWAY RECORDED MAY 15, 2007 AS DOCUMENT R2007-90410 DISCLOSING PLANS FOR FERRY RDAD.
33. PLAT OF EASEMENT GRANT RECORDED FEBRUARY 23, 2007 AS DOCUMENT R2007-33446 GRANTING PUBLIC UTILITY EASEMENTS OVER PARTS OF LOT 1.

(SEE PLAT FOR EXACT LOCATIONS)
34. EXISTING UNRECORDED LEASES AS DISCLOSED BY RENT ROLL ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONJUNCTION WITH THE CLOSING AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.
35. RIGHTS OF PARTIES, IF ANY, UNDER RESIDENCE AND CARE AGREEMENTS AS SHOWN ON EXHIBIT "A" ATTACHED TO THE ALTA STATEMENT DELIVERED IN CONJUNCTION WITH THE CLOSNG AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER SAID AGREEMENT.

EXHIBIT 3

EASTW3682611.2

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

In re:	§	Case No. 10-34176
LINCOLNSHIRE CAMPUS, LLC, <i>et al.</i> ⁴	§	Chapter 11
Debtors.	§	Jointly Administered

**NOTICE OF ENTRY OF ORDER APPROVING DEBTORS' (I) CONFIRMING THE
DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE AND (II) EFFECTIVE DATE**

PLEASE TAKE NOTICE THAT:

An order (the "Plan Confirmation Order") of the Honorable Stacey G.C. Jernigan, United States Bankruptcy Judge, approving the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated September 30, 2010 [Dkt. No. 345] (including all exhibits thereto and as the same may be further amended, modified or supplemented from time to time, the "Plan")⁵ was entered on November __, 2010 [Dkt. No. ____].

PLEASE TAKE FURTHER NOTICE THAT:

The Plan Confirmation Order is available for inspection at the office of the Clerk of the Bankruptcy Court for the Northern District of Texas, Dallas Division, and may be reviewed during the regular hours of the Bankruptcy Court or online through the Bankruptcy Court's internet website at www.txnb.uscourts.gov. Please note that a PACER password and login are required to access documents on the Bankruptcy Court's website. Copies of the Plan Confirmation Order can also be viewed online, free of charge, at www.bmcgroup.com/lincolnshire.

⁴ The Debtors in these chapter 11 cases are (a) Lincolnshire Campus, LLC, Case No. 10-34176, (b) Naperville Campus, LLC, Case No. 10-34177, (c) Monarch Landing, Inc., Case No. 10-34179, and (d) Sedgebrook, Inc., Case No. 10-34178.

PLEASE TAKE FURTHER NOTICE THAT:

The Effective Date of the Plan is expected to occur on November __, 2010.

PLEASE TAKE FURTHER NOTICE THAT:

The Plan and its provisions are binding on the Debtors, SCD, any holder of a Claim against, or Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is impaired under the Plan, as provided in the Plan.

Dated: _____, 2010

DLA PIPER LLP (US)

By: /s/ Vincent P. Slusher
Vincent P. Slusher, State Bar No.
00785480
vince.slusher@dlapiper.com
1717 Main Street, Suite 4600
Dallas, Texas 75201
Telephone: (214) 743-4572
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Thomas R. Califano, NY Bar No. 2286144
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jeremy.johnson@dlapiper.com
1251 Avenue of the Americas
New York, New York 10020-1104
Telephone: (212) 335-4500
Facsimile: (212) 335-4501

McGUIRE, CRADDOCK & STROTHER, P.C.

By: /s/ J. Mark Chevallier
J. Mark Chevallier, State Bar No. 04189170
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James G. Rea, State Bar No. 24051234
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3550 Lincoln Plaza
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Seven Saint Paul Street
Baltimore, MD 21202
Telephone: (410) 347-8700
Facsimile: (410) 752-7092

⁵ All capitalized terms not defined herein shall have the meaning ascribed to them in the Plan and Plan Confirmation Order.

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF TEXAS

CERTIFIED COPY

I, Tawana C. Marshall, Clerk of the United States Bankruptcy Court, certify that the attached is a true and full copy of page(s) 1 through 54 of the original

Amended order confirming third amended chapter 11 plan EOD 11/16/2010 in 10-34176.

now existing among the records of this Court.

In testimony whereof I sign my name, and affix the seal of this Court at

Dallas
City

, in this State, on

November 16, 2010
Date

Tawana C. Marshall

Clerk of the Bankruptcy Court


(By) Deputy Clerk

ATTACHMENT 3

OPERATING IDENTITY/LICENSEE CERTIFICATE OF GOOD STANDING

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Lincolnshire Senior Care, LLC			
Address: 800 Audubon Way, Lincolnshire IL 60069			
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENTS IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

LINCOLNSHIRE SENIOR CARE, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON OCTOBER 04, 2010, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1102701480

Authenticate at: <http://www.cyberdrivellinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JANUARY A.D. 2011 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 3

OPERATING IDENTITY/LICENSEE CERTIFICATE OF GOOD STANDING

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

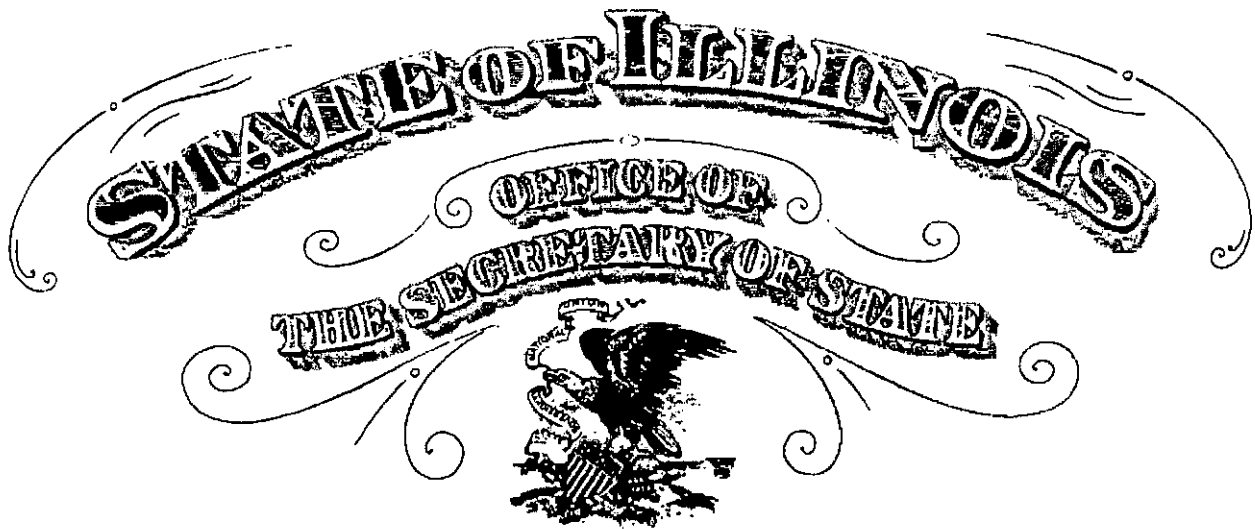
Exact Legal Name: Lincolnshire Holdings, LLC

Address: 2255 ERICKSON DRIVE, NAPERVILLE, IL 60563

- | | | | | | |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------|-------|
| <input type="checkbox"/> | Non-profit Corporation | <input type="checkbox"/> | Partnership | | |
| <input type="checkbox"/> | For-profit Corporation | <input type="checkbox"/> | Governmental | | |
| <input checked="" type="checkbox"/> | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship | <input type="checkbox"/> | Other |

- o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENTS IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

LINCOLNSHIRE HOLDINGS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON OCTOBER 21, 2010, UNDER THE ASSUMED NAME OF LINCOLNSHIRE SB HOLDINGS, LLC, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1103400168

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 3RD day of FEBRUARY A.D. 2011

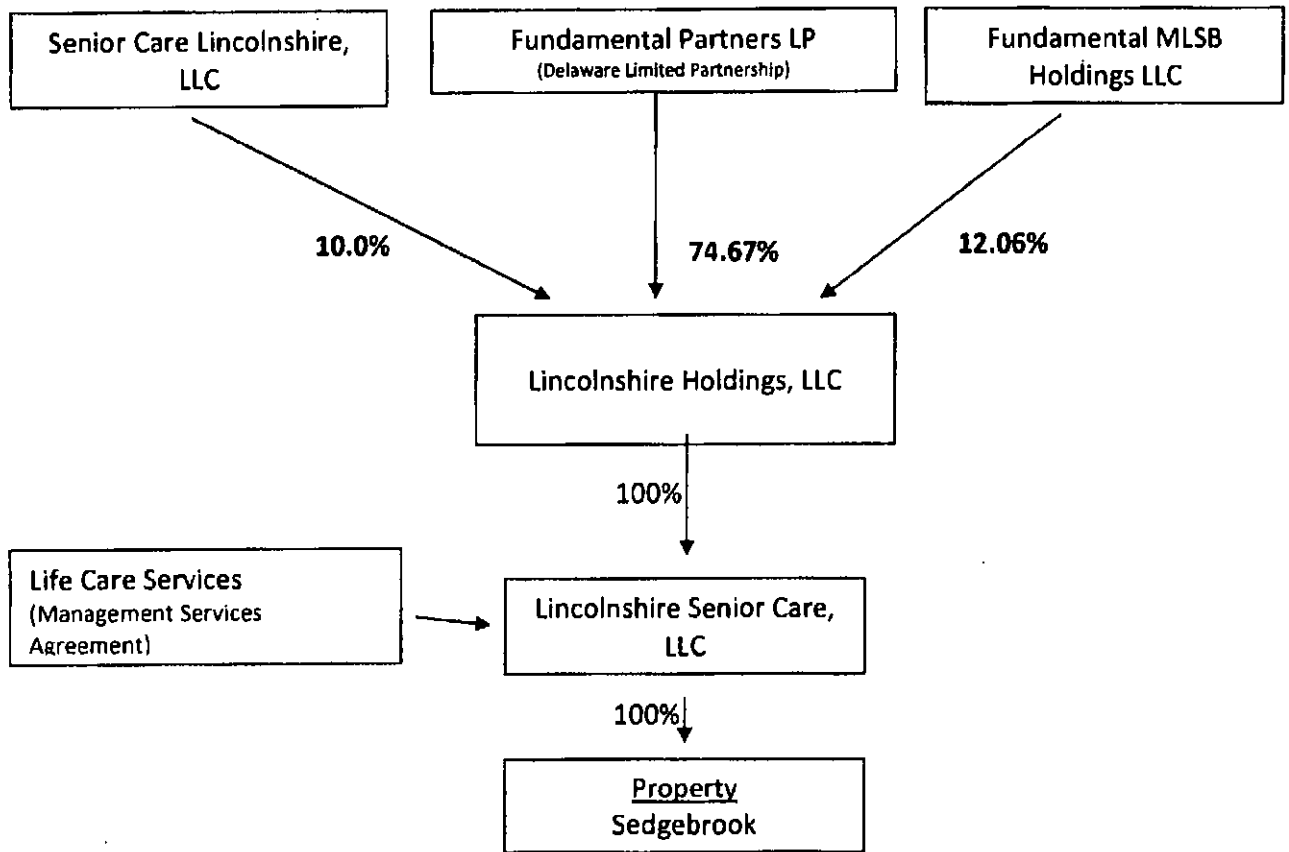
Jesse White

SECRETARY OF STATE

ATTACHMENT 4

ORGANIZATIONAL RELATIONSHIPS –
ORGANIZATIONAL

CHART



ATTACHMENT 5

FLOOD PLAIN REQUIREMENTS

This criterion is not applicable to this application for a CON permit, because the proposed application involves no construction activities. The skilled nursing facility at Sedgebrook is already built and operating under an IDPH license. 44 skilled nursing beds already exist at Sedgebrook, but these beds are restricted to residents of Sedgebrook, a continuing care retirement community. Sedgebrook proposes to remove the restriction from those beds so that all in the community who require skilled nursing care can be admitted into Sedgebrook.

Even so, the Applicant attests that this project complies with and attests with the requirements of Illinois Executive Order #2005-5. We have included copies of the relevant Firmettes in this attachment.



APPROVED



ARTHUR J.

FIRM
LABOR
ILLINOIS
AND

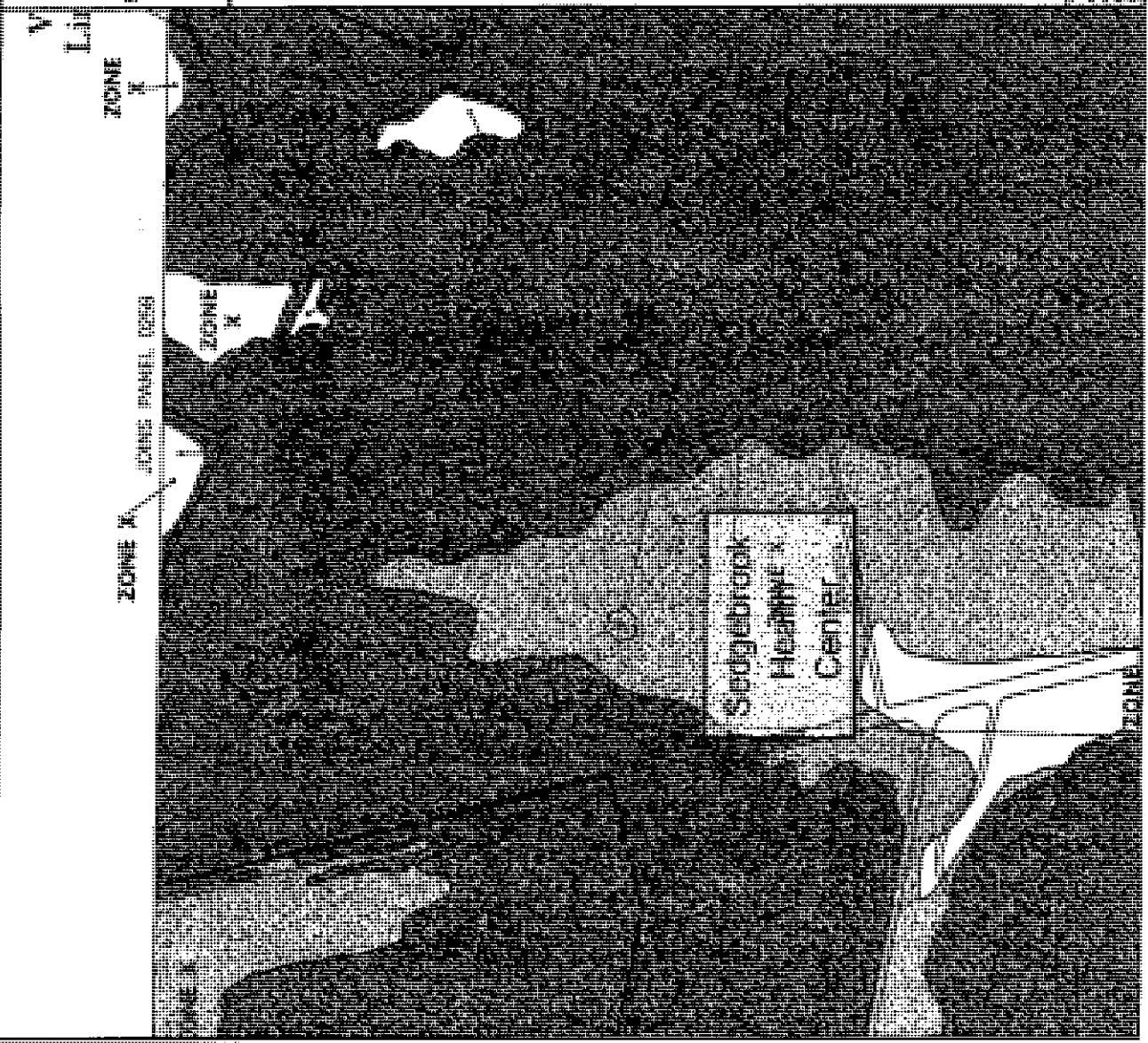
ENGINEERING
CONSULTANTS
INCORPORATED
100 WEST WASHINGTON
CHICAGO, ILLINOIS 60601

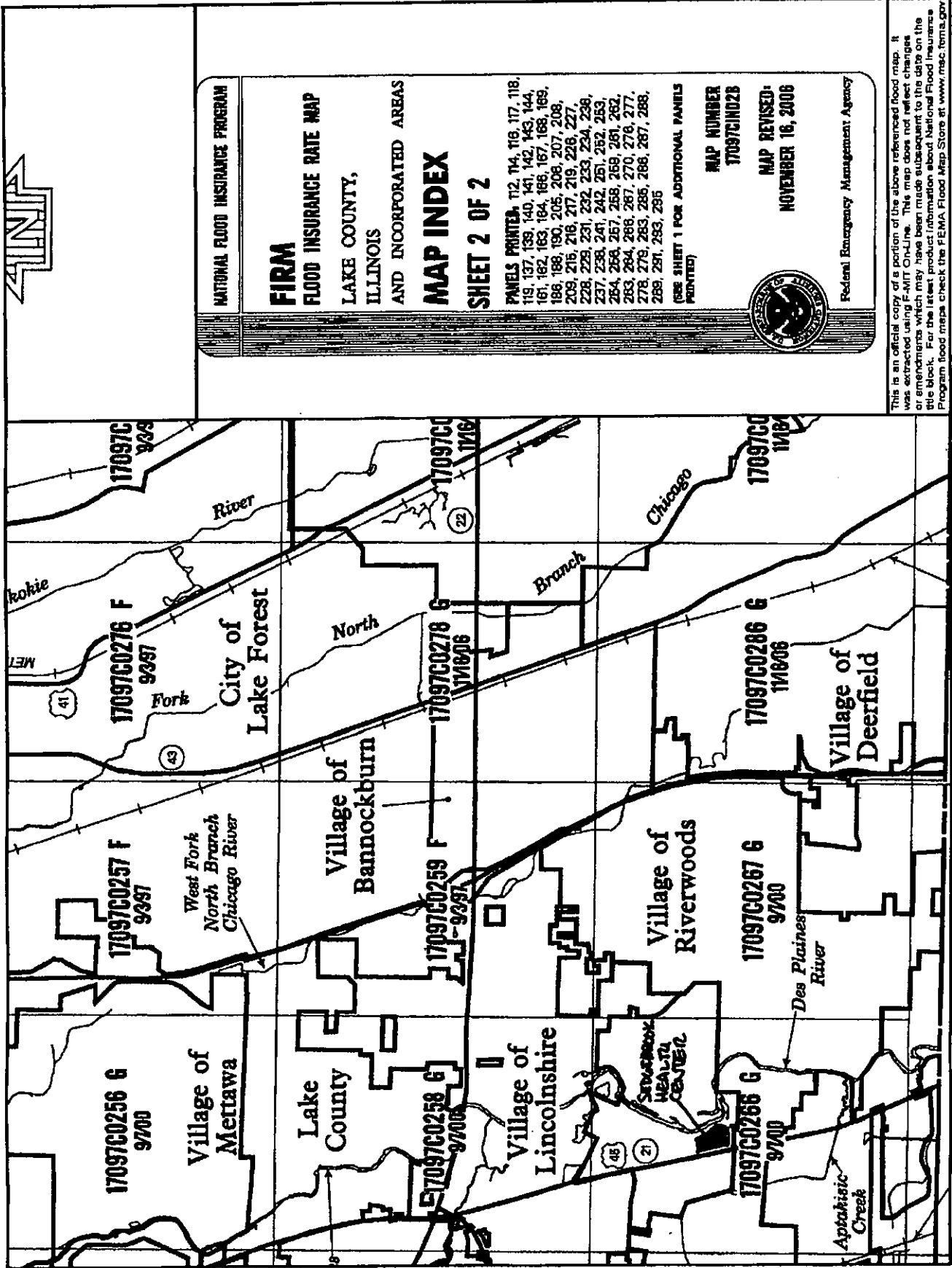
Professional Engineer



Professional Engineer

State of New York
Professional Engineer
No. 12345
Exp. 12/31/2000





ATTACHMENT 6

ILLINOIS HISTORICAL PRESERVATION AGENCY LETTER

This criterion is not applicable to this application for a CON permit, because the proposed application involves no construction or facility modernization activities. The skilled nursing facility at Sedgebrook was built in the last five years. Furthermore, the Project contemplates removal of the continuing care restriction from 44 beds and the establishment of an additional 44 beds in existing space constructed for that purpose.

However, we have obtained a letter from the Illinois Historical Preservation documenting that there are no historic, architectural or archaeological sites within the project area. This letter is attached as Appendix D.

ATTACHMENT 7

PROJECT COST/SOURCE OF FUNDS

Itemization of Costs Not Otherwise Identified in the Project Cost/Source of Funds Table

The cost of \$100,000 for architectural fees may be required if the Sedgebrook market study determines that the current physical lay out of the units needs to be amended.

The cost of \$400,000 identified for Moveable or Other Equipment is intended for beds, furniture for units and common space furniture as well as equipment required to make the currently vacant 3rd floor operational for the 44 additional general long term care beds.

ATTACHMENT 8

OBLIGATION

Project Obligation will occur after permit issuance.

ATTACHMENT 9

COST SPACE REQUIREMENTS

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Skilled Nursing	\$1,590,000	70,302	70,302	0	0	70,302	
Total Clinical	\$1,590,000	70,302	70,302	0	0	70,302	
NON REVIEWABLE							
Administrative	\$140,000	9,472	9,472	0	0	9,472	
Total Non-clinical	\$140,000	9,472	9,472	0	0	9,472	
TOTAL	\$1,730,000	79,774	79,774	0	0	79,774	

ATTACHMENT 10

DISCONTINUATION

a) Information Requirements – Review Criterion

This Project will discontinue the current 44 restricted continuum of care beds and re-establish a total of 88 beds, increasing the total number of available beds by 44. Furthermore, the re-establishment of the beds as unrestricted beds will allow direct admissions from other health care providers in the area, thus providing care to local residents. As this is a reclassification of existing beds, no clinical services will be discontinued. The reclassification of existing beds will occur upon approval of this CON application; therefore, there will not be an interruption of services to residents. The physical plant and equipment will continue to be used to serve the residents of the Sedgebrook continuing care community, as well as the community in general.

b) Reasons for Discontinuation – Review Criterion

The sole reason for the discontinuation of the 44 continuum of care restricted beds is to reclassify the existing beds to direct admit beds to allow for admissions from the surrounding community.

c) Impact on Access – Review Criterion

There will be no detrimental impact on access for residents of this community. In fact, the reclassification of existing beds and addition of additional beds will relieve the current 293 bed shortage experienced by HSA 8 and the 59 bed shortage experienced by Lake County.

January 21, 2011

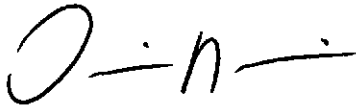
Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Certificate of Need Application for Sedgebrook Health Center, Attachment 10 -
Discontinuation

Dear Mr. Galassie,

This letter is sent in regard to the Sedgebrook Health Center which is applying for a Certificate of Need ("CON") permit application to open its 88 skilled-nursing beds to the general public. This will be accomplished by discontinuation of the current 44 beds and the reapplication for 88 beds to be available to the public. This letter serves as certification that all questionnaires and data required by HFSRB and IDPH will be provided through the date of discontinuation, and that the required information will be submitted no later than sixty (60) days following the date of discontinuation.

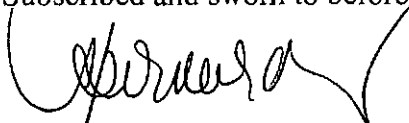
Sincerely,



David Reis
CEO, Senior Care Development LLC

Notarization:

Subscribed and sworn to before me this 21st day of January, 2011



TERESA BERNARDI
Notary Public, State of New York
No. 01BE6187450
Qualified in Westchester County
Commission Expires May 19, 2012

Attachment 10 123

ATTACHMENT 11

BACKGROUND OF THE APPLICANT

Please find the attached certification from the Applicant as well as licenses associated with this Project.

January 21, 2011

Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761


Re: Certificate of Need Application for Sedgebrook Health Center, Attachment 11 – Background of Applicant

Dear Mr. Galassie,

The following information addresses the four points of the subject criterion 1110.230:

1. There are no health care facilities owned or operated by the applicant, as defined by 77 Ill. Adm. Code 1100.230(a), other than the facility subject to this application.
2. Proof of current licensure and accreditation is attached.
3. There has not any been adverse actions taken against the health care facilities owned or operated by the applicant during the three years prior to the filing of the application.
4. This letter serves as authorization permitting HFSRB and IDPH to access any documents necessary to verify the information submitted in response to the requirements of this subsection or to obtain any documentation or information which the State Board or Agency finds pertinent to this subsection.

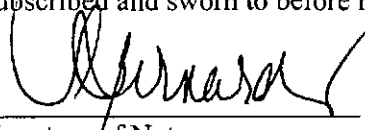
Sincerely,



David Reis
CEO, Senior Care Development LLC

Notarization:

Subscribed and sworn to before me this 21st day of January, 2011


Signature of Notary

TERESA BERNARDI
Notary Public, State of New York
No. 01BE6187450
Qualified in Westchester County
Commission Expires May 19, 2012

Attachment 11 125



State of Illinois 2012490

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations, and is hereby authorized to engage in the activity as indicated below.

DANON T. ARNOLD, M.D. DIRECTOR

Issued under the Authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
03/19/2011	BGDE	0051219
LONG TERM CARE LICENSE SKILLED 044		
PROBATIONARY 044 TOTAL BED'S		

BUSINESS ADDRESS: LICENSEE

LINCOLNSHIRE SENIOR CARE, LLC

SEDEBROOK HEALTH CENTER 800 AUDUBON WAY LINCOLNSHIRE IL 60069

EFFECTIVE DATE: 11/19/10

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •



State of Illinois 2011519

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations, and is hereby authorized to engage in the activity as indicated below.

DANON T. ARNOLD, M.D. DIRECTOR

Issued under the Authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
03/18/2011	Prob 3	5103608
ASSISTED LIVING LICENSE ISSUED: 11/19/10		
44 REGULAR UNITS		
44 TOTAL UNITS		

BUSINESS ADDRESS

STATUS: PROBATIONARY LICENSEE BUSINESS ADDRESS

SEDEBROOK HEALTH CENTER 960 AUDUBON WAY LINCOLNSHIRE IL 60069

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

ATTACHMENT 12

PURPOSE OF THE PROJECT

The Illinois Department of Public Health determined that there is a need for 293 additional long-term care beds in Health Service Area 008 and a need for 59 additional long-term care beds in the Lake County Health Planning Area specifically. (See attached Inventory of Health Care Facilities and Services and Need Determinations – Long-Term Care Bed Inventory Update, updated January 18, 2011.) Because of this shortage, local residents do not have full access to long-term care.

This Project will address the previously referenced issue of bed shortage by increasing the total number of beds available to local residents and removing restrictions on the use of these beds. First, by discontinuing the current 44 beds and re-establishing a total of 88 beds, this project will increase the total number of available beds by 44 for a total availability of 88 beds. Furthermore, the re-establishment of the beds as unrestricted beds will allow direct admissions from other health care providers in the area, thus providing care to local residents.

As soon as the Certificate of Need is approved, Sedgebrook can immediately reduce the bed shortage in Health Service Area 008 by 44 beds and begin to admit community members in need of long-term care into the currently existing beds.

ATTACHMENT 12

PURPOSE OF THE PROJECT

LONG-TERM CARE BED INVENTORY UPDATES 03/19/2008 - 01/16/2011			
LONG-TERM CARE GENERAL NURSING BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
Perry	215	210	5
Randolph	580	492	88
Richmond	333	309	24
Union	347	293	54
Washington	169	263	(94)
Wayne	133	169	(36)
White	337	355	(18)
Williamson	574	563	11
HEALTH SERVICE AREA 006			
Planning Area 6-A	3,766	7,290	(1,524)
Planning Area 6-B	4,283	4,210	73
Planning Area 6-C	4,706	5,039	(333)
HEALTH SERVICE AREA 007			
Planning Area 7-A	4,101	3,210	891
Planning Area 7-B	6,896	7,103	(207)
Planning Area 7-C	6,626	5,990	636
Planning Area 7-D	2,342	2,898	(556)
Planning Area 7-E	9,242	8,969	273
HEALTH SERVICE AREA 008			
Kane	2,946	3,030	(82)
Lake	4,884	4,825	59
McHenry	1,344	1,028	316
HEALTH SERVICE AREA 009			
Grady	239	265	(26)
Kankakee	1,259	1,368	(109)
Kendall	213	185	28
Will	3,055	2,810	245
HEALTH SERVICE AREA 010			
Henry	428	518	(90)
Morris	182	172	10
Rock Island	1,259	1,316	(57)
HEALTH SERVICE AREA 011			
Clinton	402	407	(5)
Madison	2,073	2,216	(143)
Monroe	447	324	123
St. Clair	2,187	2,294	(107)
LONG-TERM CARE ICF/DD 16 BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	257	360	(103)
HSA 2	265	333	(68)
HSA 3	228	383	(155)
HSA 4	319	334	(15)
HSA 5	253	703	(450)
HSA 6,7,8 & 9	3,316	1,133	2,183
HSA 10	84	40	44
HSA 11	722	384	(338)

ATTACHMENT 13

ALTERNATIVES

The alternatives to the Project are limited. The State's revised *Inventory of Health Care Facilities and Services and Need Determination – Long-Term Care Bed Inventory Update*, dated January 18, 2011, shows a need for 293 additional long-term care beds in Health Service Area 008 and a need for 59 additional long-term care beds in the Lake County Health Planning Area. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment. This Project will discontinue 44 long-term care beds and, at the same time, establish 88 unrestricted long-term care beds. This simple, efficient, and very low cost Project is the best solution to address the long-term care bed shortage in the health planning area.

Alternative Options

A project of greater or lesser scope and cost

The Sedgebrook Facility's skilled-nursing facility for 88 beds already exists. The the facility has only 44 licensed beds, it was built to eventually have 88 beds, and Sedgebrook has only to furnish the other 44 beds to comply with licensure standards. Therefore, this is a minimal cost project, and Sedgebrook cannot propose a project of less cost.

Sedgebrook considered the alternatives of proposing a project of greater or lesser scope. Sedgebrook does not anticipate a need for a project of greater scope to meet the needs of campus and outside community residents. A project of lesser scope would less fully address the bed need.

The alternative of doing nothing, i.e., not moving forward with this establishment of nursing care beds, would do nothing to address the calculated bed need of 59 beds and would be no less expensive in terms of capital costs than the proposed project. This application addresses, in part, the State's identified need for 59 additional nursing care beds.

Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes

Pursuing a joint venture or similar arrangement with another provider would not address the bed need in the Planning Area without the construction of another skilled nursing facility at significant cost. This Project does not involve any construction or other costs and is the most efficient way to address the area bed need. The Project will repurpose existing restricted services and structures and thus does away with the need for developing alternative settings to meet the Project's intended purposes. As a result, Sedgebrook will be better able serve the needs of a greater number of seniors, without burdening the local health care system with additional capital and start-up costs and without any lost time.

Utilizing other health care resources that are available to serve all or a portion of the population the Project proposes to serve

As the State has identified a 59 bed need in the Planning Area, there are no available health care resources to meet that need without the addition of skilled-nursing beds. This Project is for the establishment of a new category of service, i.e., general long-term care nursing beds. Furthermore, the use of these beds are necessary to provide the seamless provision of care that Sedgebrook intends for its residents. To utilize other health care resources to meet the needs of its residents would run counter to Sedgebrook's stated goals and promises to residents.

Other Considerations

The proposed project is the most advantageous and efficient alternative available to address the bed need in the Planning Area. This Project offers a conservative alternative that will improve the availability of general long-term care nursing. The benefits of the Project will be immediately available to seniors and their families, since no additional construction or lag-time is necessary to make the beds available. This project is addressing the need for additional nursing care beds as identified in the *Inventory of Health Care Facilities and Services and Need Determinations, Long-Term Care Bed Inventory Update*, updated January 18, 2011. Therefore, this alternative was selected as the most viable.

There are no construction or other costs associated with this alternative. It addresses the access issues not only for the Applicant's existing residents, but also for the general geriatric population within the Planning Area who are in need of nursing services. While empirical data demonstrating that the proposed project will improve the quality of care are not available, it is elemental that the increased availability of long-term care beds in a shortage area will improve the quality of care available to senior residents of the service area, as well as those individuals already residing in Sedgebrook.

The Project is the best option for addressing the area bed need. Local hospitals support the proposed Project and have indicated that they would immediately refer patients to Sedgebrook. The beds the Project establishes will be immediately available.

ATTACHMENT 13

ALTERNATIVES

LONG-TERM CARE BED INVENTORY UPDATES			
03/19/2008 - 01/16/2011			
LONG-TERM CARE GENERAL NURSING BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
Perry	215	210	5
Randolph	550	492	58
Richland	333	309	24
Union	347	293	54
Washington	169	263	(94)
Wayne	133	169	(36)
White	337	355	(18)
Wilkinson	574	563	11
HEALTH SERVICE AREA 006			
Planning Area 6-A	3,766	7,290	(1,524)
Planning Area 6-B	4,283	4,210	73
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HEALTH SERVICE AREA 007			
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Planning Area 7-E	9,242	8,969	273
HEALTH SERVICE AREA 008			
Kane	2,948	3,030	(82)
Lake	4,884	4,825	59
McHenry	1,344	1,028	316
HEALTH SERVICE AREA 009			
Grundy	239	265	(26)
Kankakee	1,259	1,368	(109)
Kandall	213	185	28
Will	3,055	2,810	245
HEALTH SERVICE AREA 010			
Henry	428	518	(90)
Merri	182	172	10
Rock Island	1,259	1,316	(57)
HEALTH SERVICE AREA 011			
Clinton	402	407	(5)
Madison	2,073	2,216	(143)
Monroe	447	324	123
St. Clair	2,187	2,294	(107)
LONG-TERM CARE ICF/DD 16 BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	257	360	(103)
HSA 2	265	333	(68)
HSA 3	228	383	(155)
HSA 4	319	334	(15)
HSA 5	253	703	(450)
HSA 6,7,8 & 9	3,316	1,133	2,183
HSA 10	84	40	44
HSA 11	222	384	(162)

ATTACHMENT 14

SIZE OF THE PROJECT

The square footage of the existing facility is 906 bgsf/bed (79,773 total square feet), which exceeds the state standard of 435-717 bgsf/bed. The additional GSF is necessary and justified, because 1) the existing facility's physical configuration is currently 906 GSF/bed, which constrains and impedes reducing it to the State standard, and 2) the Project involves the conversion of the existing beds from being restricted to internal use to being open for direct admission from outside Sedgebrook, without changing the space in any way.

* The skilled nursing facility at Sedgebrook is already built and operating under an IDPH license. 44 skilled nursing beds already exist at Sedgebrook, but these beds are restricted to residents of Sedgebrook, a Continuing Care Retirement Community. Sedgebrook proposes to remove the restriction from those beds so that all in the community who require skilled nursing care can be admitted into Sedgebrook.

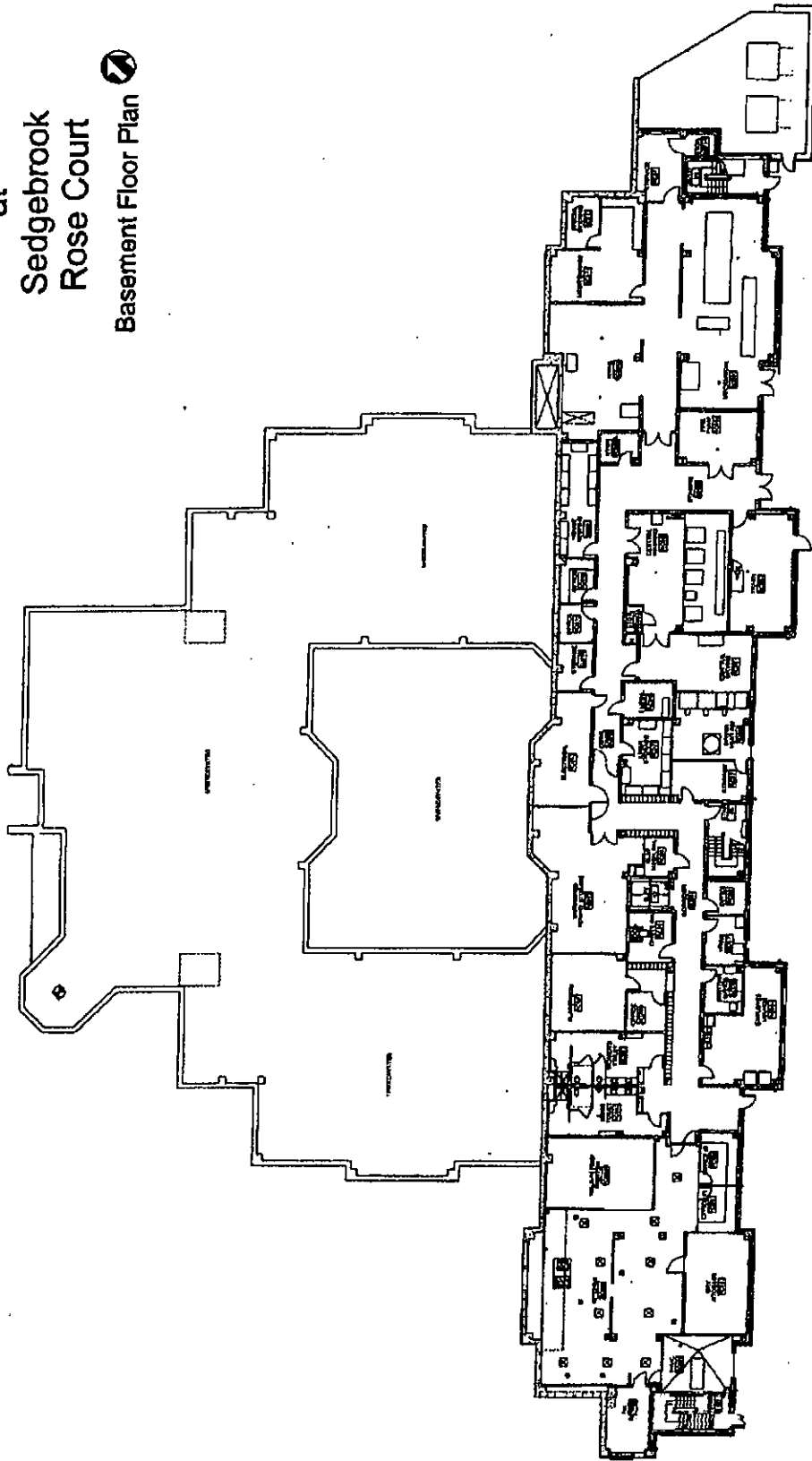
Size of Project				
Department/Service	Proposed BGSF/DGSF	State Standard	Difference	Met Standard?
General Long-Term Care	906 BGSF	435-717	189	No

Renaissance Gardens

at

Sedgebrook
Rose Court

Basement Floor Plan

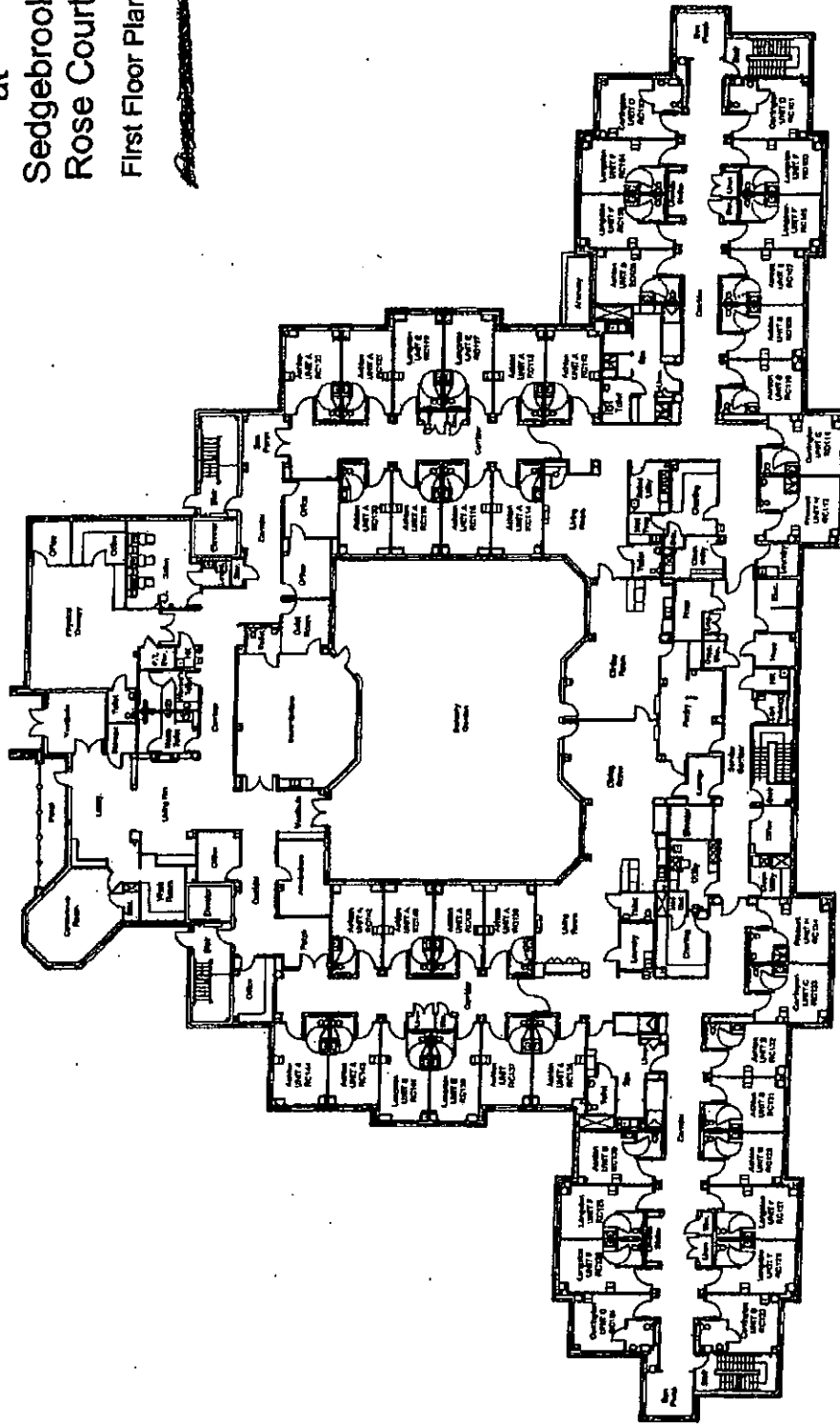


Renaissance Gardens

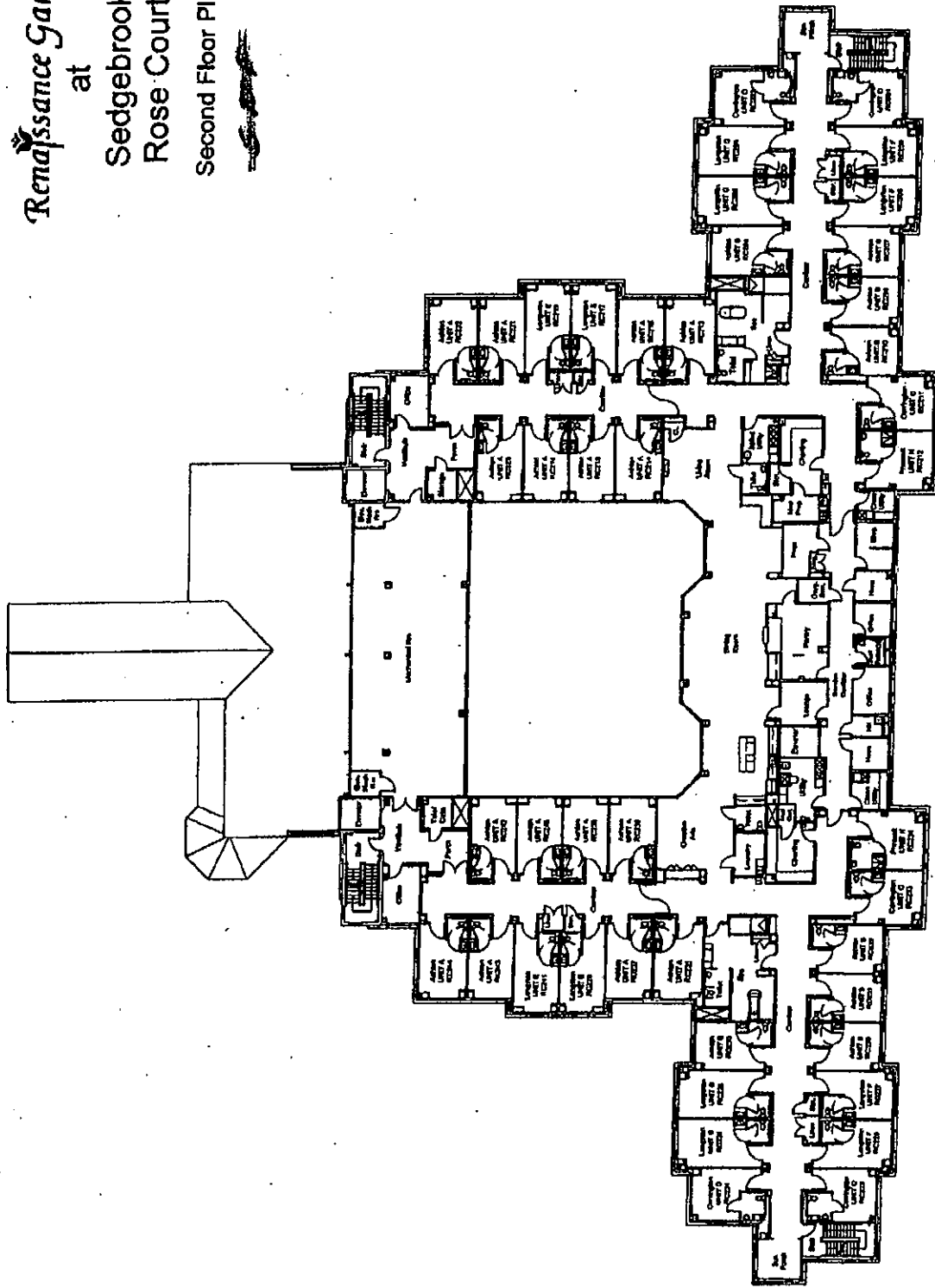
at

Sedgebrook
Rose Court

First Floor Plan



Renaissance Gardens
at
Sedgebrook
Rose Court
Second Floor Plan



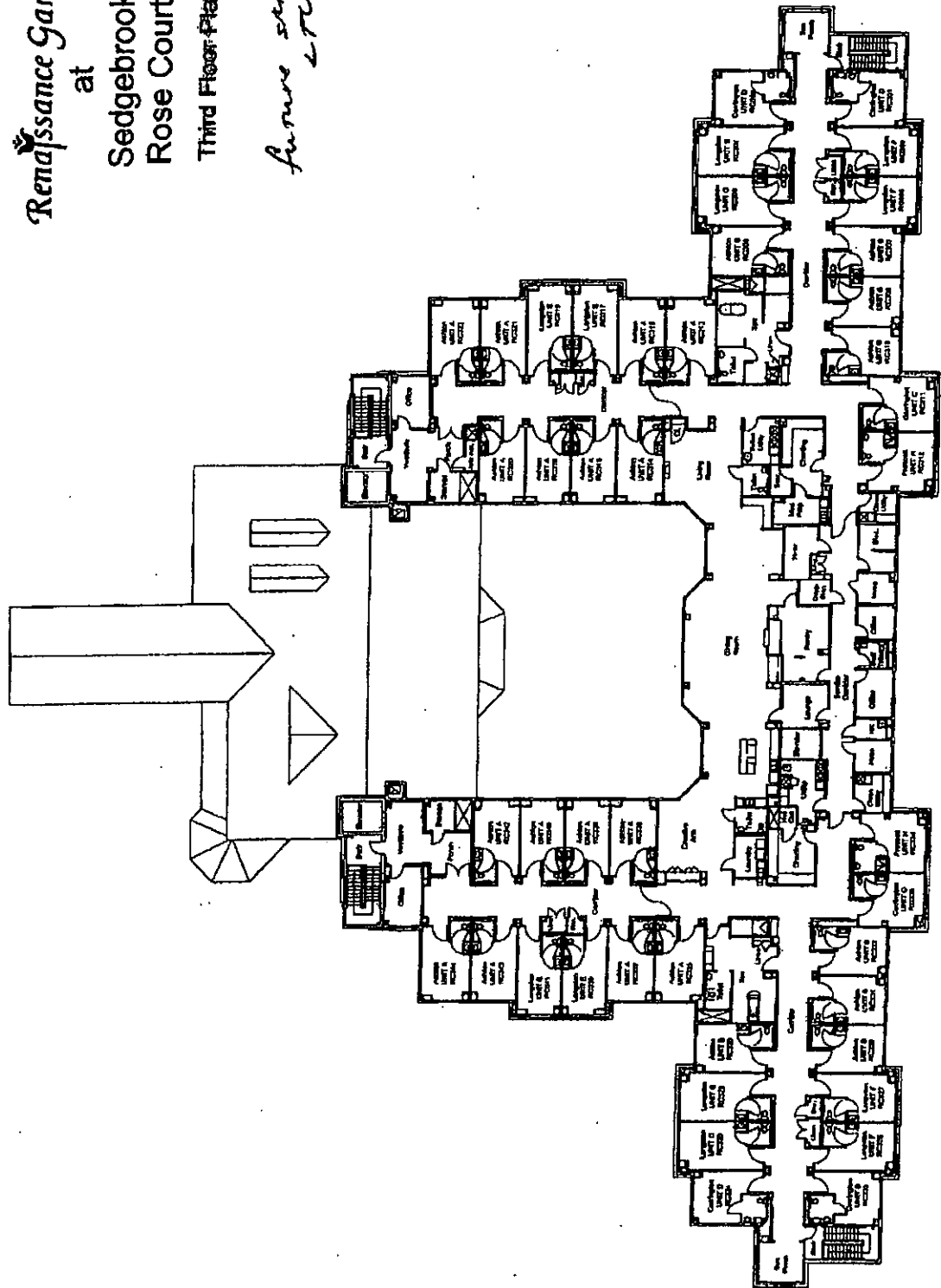
Renaissance Gardens

at

Sedgebrook
Rose Court

Third Floor Plan

*furnish sketched
LTC*



ATTACHMENT 15

PROJECT SERVICES UTILIZATION

Utilization					
	Dept/Service	Historical Utilization/Patient Days etc.	Projected Utilization	State Standard	Met Standard?
Year 1	General Long Term Care	26%	52%	90%	No
Year 2	General Long Term Care	26%	90%	90%	Yes

Applicant currently possesses a 44 bed general long term care skilled nursing facility that is available to residents of the continuing care retirement community. As such, Applicant already possesses an estimated census of 26% occupancy of 88 beds. The Project proposes to discontinue 44 restricted use beds and establish 88 direct admit skilled beds. Thus the continuing care retirement community will be building upon its already existing patient base with admissions from the community. Applicant anticipates incremental admissions numbering approximately 3 patients per month. A detailed projection follows.

ATTACHMENT 15

PROJECT SERVICES UTILIZATION

PROJECTED CENSUS INFORMATION SEDEBROOK HEALTH CENTER TOTAL CENSUS

Month	Census	Beds	Occupancy Rate
Jan-11	23	88	26%
Feb-11	23	88	26%
Mar-11	23	88	26%
Apr-11	28	88	32%
May-11	28	88	32%
Jun-11	28	88	32%
Jul-11	31	88	35%
Aug-11	34	88	39%
Sep-11	37	88	42%
Oct-11	40	88	45%
Nov-11	43	88	49%
Dec-11	46	88	52%
Jan-12	49	88	56%
Feb-12	52	88	59%
Mar-12	55	88	63%
Apr-12	58	88	66%
May-12	61	88	69%
Jun-12	64	88	73%
Jul-12	67	88	76%
Aug-12	70	88	80%
Sep-12	73	88	83%
Oct-12	76	88	86%
Nov-12	79	88	90%
Dec-12	79	88	90%

ATTACHMENT 28

PLANNING AREA NEED

The most-recently available IDPH *Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update*, dated January 18, 2011, indicates a need for 293 additional long-term care beds in Health Service Area 008 and a need for 59 additional long-term care beds in the Lake County Health Planning Area. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment. The Project proposes to discontinue 44 beds and establish 88 skilled beds. This will result in a long-term bed need in the Lake County Health Planning Area of 15 beds after discontinuation and establishment and thus the Project is in conformance with the projected bed deficit. The proposed number of beds does not exceed the number of the projected deficit. A copy of the relevant page of the *Long-Term Care Bed Inventory Update* is included in this attachment.

ATTACHMENT 28

PLANNING AREA NEED

LONG-TERM CARE BED INVENTORY UPDATES
09/19/2008 - 11/16/2010

LONG-TERM CARE GENERAL NURSING BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS 0
Perry	215	210	5
Randolph	550	492	58
Richland	333	309	24
Union	347	293	54
Washington	169	263	(94)
Wayne	133	169	(36)
White	337	355	(18)
Williamson	574	563	11
HEALTH SERVICE AREA 006			
Planning Area 6-A	5,766	7,290	(1,524)
Planning Area 6-B	4,283	4,210	73
Planning Area 6-C	4,706	5,039	(333)
HEALTH SERVICE AREA 007			
Planning Area 7-A	4,101	3,210	891
Planning Area 7-B	6,896	7,103	(207)
Planning Area 7-C	6,626	5,988	638
Planning Area 7-D	2,342	2,898	(556)
Planning Area 7-E	9,242	8,949	293
HEALTH SERVICE AREA 008			
Kane	2,948	2,910	38
Lake	4,884	4,820	64
McHenry	1,344	1,028	316
HEALTH SERVICE AREA 009			
Onondy	239	265	(26)
Kankakee	1,259	1,368	(109)
Kendall	213	185	28
Will	3,055	2,810	245
HEALTH SERVICE AREA 010			
Henry	428	518	(90)
Mercer	182	172	10
Rock Island	1,259	1,308	(49)
HEALTH SERVICE AREA 011			
Clinton	402	407	(5)
Madison	2,073	2,216	(143)
Monroe	447	324	123
St. Clair	2,187	2,294	(107)
LONG-TERM CARE ICF/DD 16 BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS 0
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HSA 2	265	333	(68)
HSA 3	228	383	(155)
HSA 4	319	334	(15)
HSA 5	253	703	(450)
HSA 6,7,8 & 9	3,316	1,121	2,195
HSA 10	84	40	44
HSA 11	222	384	(162)

ATTACHMENT 28

PLANNING AREA NEED – SERVICE TO PLANNING AREA RESIDENTS

Sedgebrook's primary purpose in removing the restriction from Sedgebrook's existing 44 beds and the increase in total bed capacity to 88 beds is to further mission and provide the north west suburban community of Chicago with needed health care and long-term care. Sedgebrook is a continuing care retirement community, which allows residents to age in place and receive any needed long-term care on site. Sedgebrook is committed to offering this same convenience to other residents of the Lake County Health Planning Area and health service area 008. Currently, 100% of the facility's admissions are from the facility as the currently approved bed use is only for residents of the continuing care retirement community.

ATTACHMENT 28

PLANNING AREA NEED – SERVICE DEMAND – ESTABLISHMENT OF CATEGORY OF SERVICE

Historical Referrals – All historical patients have been patients from within the community due to the original continuum of care restriction.

Projected Referrals – Included in Appendix A are letters from local providers confirming their intent to utilize the skilled nursing facility at Sedgebrook by referring patients there. These letters are intended to show that by removing the continuum of care restriction on the 44 beds at Sedgebrook and increasing the total number of beds to 88 beds, thus expanding the skilled nursing facility to more local residents, Sedgebrook will be fulfilling a strong demand in the area for skilled nursing care. Letters are attached in Appendix A.

Projected Service Demand – Attached below is the population growth calculated using Census Bureau population figures for Lake County from the 2000 Census and 2008 Population estimates. The population growth for residents over the age of 60 is anticipated to increase over 35% between 2000 and 2008. A majority of this population increase is anticipated in the 60-64 year old age range. As this group continues to age, additional facilities will be required to meet the medical needs of this population. As such, the service demand in Lake County for general long-term care beds will increase.

Lake County Population Figures*

Age Range	2000	2008	Change	% Change
Under 5 years	52,978	50,510	(2,468)	-5%
5 to 9 years	55,785	54,120	(1,665)	-3%
10 to 14 years	51,861	56,793	4,932	10%
15 to 19 years	48,500	56,513	8,013	17%
20 to 24 years	37,733	46,628	8,895	24%
25 to 34 years	87,983	89,705	1,722	2%
35 to 44 years	115,530	101,567	(13,963)	-12%
45 to 54 years	89,642	112,128	22,486	25%
55 to 59 years	28,964	43,092	14,128	49%
60 to 64 years	20,391	32,534	12,143	60%
65 to 74 years	30,625	38,965	8,340	27%
75 to 84 years	18,323	22,074	3,751	20%
85 years and over	6,041	7,824	1,783	30%
Total Population	644,356	712,453	68,097	11%
60 years and over	75,380	101,397	26,017	35%

* Population statistics obtained from the US Census Bureau available at <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?ref=geo&refresh=t#none>

ATTACHMENT 28

PLANNING AREA NEED – SERVICE ACCESSABILITY

The number of beds being established is necessary to improve access for planning area residents, as published in the *Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update*, January 18, 2011, which indicates a need for 293 additional long-term care beds in Health Service Area 008 and a need for 59 additional long-term care beds in the Lake County Health Planning Area. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment. This Project will satisfy 44 beds of that 59 bed shortage. The 88 unrestricted beds will also address access limitations, by providing skilled nursing care for those with Medicare and managed care coverage.

Additionally, Sedgebrook provides access to appropriate nursing care for residents of Sedgebrook who prefer their health care to be provided in a the seamless care provision model that a CCRC can provide.

ATTACHMENT 28

PLANNING AREA NEED – SERVICE ACCESSABILITY

LONG-TERM CARE BED INVENTORY UPDATES 03/19/2008 - 01/16/2011			
LONG-TERM CARE GENERAL NURSING BED NEED			
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HEALTH SERVICE AREA 009			
Grundy	239	265	(26)
Kankakee	1,259	1,368	(109)
Kendall	213	185	28
Will	3,055	2,810	245
HEALTH SERVICE AREA 010			
Henry	428	518	(90)
Merrier	182	172	10
Rock Island	1,259	1,316	(57)
HEALTH SERVICE AREA 011			
Clinton	402	407	(5)
Madison	2,073	2,216	(143)
Monroe	447	324	123
St. Clair	2,187	2,294	(107)
LONG-TERM CARE ICF/DD 16 BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	257	360	(103)
HSA 2	265	333	(68)
HSA 3	228	383	(155)
HSA 4	319	334	(15)
HSA 5	253	703	(450)
HSA 6,7,8 & 9	3,316	1,133	2,183
HSA 10	84	40	44
HSA 11	722	384	(162)

ATTACHMENT 28

UNNECESSARY DUPLICATION OF SERVICES

The attached tables show the following information:

- A list of zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
- The total population of the identified zip code areas (based upon the 2000 population numbers available for the State of Illinois population available at <http://www.census.gov/geo/www/gazetteer/places2k.html>); and
- The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the population site that provide the categories of bed service that are proposed by the project.
- Mapquest maps of driving times and distances are included in Appendix B in the order they appear in the facility table.

Zip Code	Population
60004	52,735
60005	29,183
60008	23,318
60015	27,224
60025	49,574
60026	2000 Census Data Unavailable
60035	29,772
60040	5,645
60042	8,877
60044	15,516
60045	22,248
60046	30,225
60047	38,168
60048	28,562
60062	40,392
60067	50,825
60069	7,204
60070	16,126
60073	39,115
60084	13,061
60085	72,937
60087	23,530
60089	42,115
60090	36,736
62249	13,449

ATTACHMENT 28
UNNECESSARY DUPLICATION OF SERVICES

Facility ID	Facility Name	Facility Address	Facility City	Facility Type	Facility Level	Health Service Area	Planning Area Name	County Name	2003 Total Licensed Beds	2009 Total Patient Days	2009 Total Possible Days
6000038	ABBOTT HOUSE, LLC	485 CENTRAL AVENUE	HIGHLAND PARK	60038	Multiple-Level	008	Planning Area 7.A	Lake County	109	37,651	38,890
6000046	ADDOLORATA VILLA	545 MCENRY ROAD	WHEELING	60046	Multiple-Level	007	Planning Area 7.A	Wheeling Township	141	32,868	35,890
6000227	MANOR CARE AT ARLINGTON HEIGHTS	715 WEST CENTRAL ROAD	ARLINGTON HEIGHTS	60027	Multiple-Level	007	Planning Area 7.A	Wheeling Township	151	44,891	55,115
6000764	MANOR CARE OF ROLLING MEADOWS	4225 KIRCHOFF ROAD	ROLLING MEADOWS	60068	Multiple-Level	007	Planning Area 7.A	Palatine Township	155	42,077	56,578
6001093	BAYSIDE TERRACE	1100 SOUTH LEWIS AVENUE	WAUKEGAN	60065	Multiple-Level	006	Planning Area 7.B	Lake County	160	54,328	81,300
6001119	COVENANT NORTH CARE CENTER-NORTHBROOK	2135 FRINGSTEN ROAD	NORTHBROOK	60062	Multiple-Level	007	Planning Area 7.B	Northfield Township	102	31,744	37,220
6001754	BRENTWOOD HEALTH & REHAB CENTER	3765 DEERFIELD ROAD	RIVERWOODS	60015	Multiple-Level	006	Planning Area 7.A	Lake County	240	49,247	87,600
6003412	CHURCH CREEK	1200 WEST CENTRAL ROAD	ARLINGTON HEIGHTS	60025	Multiple-Level	007	Planning Area 7.B	Wheeling Township	56	15,096	20,440
6003586	LAKE COOK TERRACE NURSING CTR	285 SMOKE BOULEVARD	NORTHBROOK	60062	Multiple-Level	007	Planning Area 7.B	Northfield Township	134	46,231	48,910
6003587	GLEN OAKS NURSING & REHAB	276 SMOKE HIGHWAY	NORTHBROOK	60062	Multiple-Level	007	Planning Area 7.B	Northfield Township	798	105,904	108,770
6003588	GLENVIEW TERRACE NURSING CTR	1511 GREENWOOD ROAD	GLENVIEW	60028	Multiple-Level	007	Planning Area 7.B	Northfield Township	344	103,111	89,971
6005144	CLARIDGE HEALTHCARE CENTER	706 JENKINSON AVENUE	LAKE BLUFF	60044	Multiple-Level	006	Planning Area 7.A	Lake County	231	34,488	64,315
6005389	LAKE FOREST HOSP-WESTMORELAND	660 NORTH WESTMORELAND ROAD	LAKE FOREST	60045	Hospital-Based	005	Planning Area 7.A	Lake County	88	22,177	32,120
6005507	LIBERTYVILLE MANOR EXTEND. CARE FACILITY	610 PETERSON ROAD (HWY #137)	LIBERTYVILLE	60048	Multiple-Level	006	Planning Area 7.A	Lake County	174	21,768	63,610
6005698	LUTHERAN HOME FOR AGED	808 WEST OAKTON STREET	ARLINGTON HEIGHTS	60004	Multiple-Level	007	Planning Area 7.A	Wheeling Township	392	111,011	143,068
6005714	THE MOORINGS HEALTH CENTER	761 OLD BARN LANE	ARLINGTON HEIGHTS	60003	Multiple-Level	007	Planning Area 7.A	Wheeling Township	183	36,992	66,795
6005714	ALDENLONG GROVE REHAB/AC CTR	BOX 238 RFD OLD HICKS ROAD	LONG GROVE	60047	Multiple-Level	009	Planning Area 7.B	Lake County	249	58,099	90,620
6005854	MARYHAVEN NRS. & REHAB CTR	1700 EAST LAKE AVENUE	WAUKEGAN	60025	Multiple-Level	007	Planning Area 7.B	Northfield Township	135	42,700	49,275
6006647	GLEN LAKE TERRACE NSG & REHAB	2222 WEST 14TH STREET	WAUKEGAN	60028	Multiple-Level	006	Planning Area 7.B	Lake County	271	82,804	98,071
6007250	HIGHLAND PARK NURSING & REHAB CENTER	50 PLEASANT AVENUE	HIGHWOOD	60040	Multiple-Level	006	Planning Area 7.A	Lake County	65	28,004	34,675
6007570	PLUM GROVE NURSING AND REHAB CENTER	24 SOUTH PLUM GROVE ROAD	PALATINE	60067	Multiple-Level	007	Planning Area 7.A	Palatine Township	60	19,111	25,181
6008585	SHELTERING OAK	P.O. BOX 387	ISLAND LAKE	60042	Multiple-Level	006	Planning Area 7.A	Lake County	70	24,090	26,550
6009003	ST. JOSEPH'S HOME FOR ELDERLY	80 WEST NORTHWEST HIGHWAY	PALATINE	60042	Multiple-Level	007	Planning Area 7.A	Palatine Township	67	20,000	24,459
6009435	WAUCONDA HEALTHCARE & REHAB	176 THOMAS COURT	WAUCONDA	60024	Multiple-Level	006	Planning Area 7.A	Lake County	135	40,873	48,275
6009789	PAVILION OF WAUKEGAN	2217 WASHINGTON STREET	WAUKEGAN	60068	Multiple-Level	006	Planning Area 7.A	Lake County	109	32,447	39,783
6009807	LAKE PARK CENTER	913 WASHINGTON PARK	WAUKEGAN	60065	Multiple-Level	006	Planning Area 7.A	Lake County	210	72,558	78,656
6010052	WINCHESTER HOUSE	300 WAUKEGAN ROAD	DEERFIELD	60015	Multiple-Level	006	Planning Area 7.A	Lake County	150	56,039	69,350
601195	MANOR CARE OF LIBERTYVILLE	1125 NORTH MILWAUKEE AVENUE	LIBERTYVILLE	60048	Multiple-Level	006	Planning Area 7.B	Lake County	360	77,135	131,400
601335	LENGTON OF GLENVIEW	3601 GLENVIEW ROAD	GLENVIEW	60025	Multiple-Level	006	Planning Area 7.B	Northfield Township	180	47,123	71,540
6014195	CLAREMONT OF LAKE ZURICH	896 SOUTH RAND ROAD	LAKE ZURICH	60047	Multiple-Level	006	Planning Area 7.B	Northfield Township	160	56,756	72,270
6014377	LENGTON OF LAKE ZURICH	150 NORTH WEILAND ROAD	LAKE ZURICH	60098	Multiple-Level	006	Planning Area 7.B	Northfield Township	200	57,092	73,000
6014378	BRIGHTON GARDENS OF PROSPECT HEIGHTS	760 EAST EUCLID AVENUE	PROSPECT HEIGHTS	60070	Multiple-Level	007	Planning Area 7.A	Wheeling Township	156	6,997	57,670
6014344	ARLINGTON REHAB & LIVING CTR	1888 CHECKER ROAD	LONG GROVE	60047	Multiple-Level	006	Planning Area 7.A	Wheeling Township	190	65,437	69,350
6014369	LEXINGTON HEALTH CARE/WHEELING	730 WEST HINTZ ROAD	WHEELING	60090	Multiple-Level	006	Planning Area 7.A	Wheeling Township	215	66,472	78,475
6014377	THE MEASHIRE	165 JAMES TOWN LANE	UNCOLNSHIRE	60069	Multiple-Level	006	Planning Area 7.A	Wheeling Township	144	42,514	52,900
6014353	ROSEWOOD CARE CENTER INVERNESS	1800 COLONIAL PARKWAY	INVERNESS	60067	Multiple-Level	006	Planning Area 7.A	Lake County	142	31,492	51,830
6014983	MANOR CARE OF HIGHLAND PARK	275 SMOKE VALLEY ROAD	HIGHLAND PARK	60035	Multiple-Level	007	Planning Area 7.A	Lake County	215	34,021	78,475
6015169	MANOR CARE OF NORTHBROOK	3300 MILWAUKEE AVENUE	NORTHBROOK	60062	Multiple-Level	006	Planning Area 7.B	Lake County	156	47,416	57,670
6015457	LAKE FOREST PLACE	1100 PEMBRIDGE DRIVE	LAKE FOREST	60045	Multiple-Level	006	Planning Area 7.B	Lake County	53	21,097	22,895
6019723	ROSEWOOD CARE CTR-NORTHBROOK	4161 LAKE COOK ROAD	NORTHBROOK	60082	Multiple-Level	007	Planning Area 7.B	Northfield Township	147	46,385	53,855

ATTACHMENT 28

MALDISTRIBUTION

This Project will not result in maldistribution, because there is not an excess of long-term care beds in health services area 008 or the Lake County Health Planning Area. On the contrary, this area has a need for 59 additional beds, as published in the *Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update*, dated January 18, 2011. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment.

A ratio of beds to population that exceeds one and one-half times the State average;
The ratio of beds to population for the Lake County Health Planning Area does not exceed one and a half times the State average. The State average, calculated from the *Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update*, dated January 18, 2011 and IDPH population statistics results in a 1.5 x State bed to population ratio of .011 bed per person. The calculated bed to population ratio for Lake County is .0067 beds per person. Thus the bed to population ratio for Lake County does not exceed one and one-half times the State average.

In addition, please find the attached list of general long term care providers and their associated occupancies, calculated using HFSRB 2009 data.

ATTACHMENT 28

MALDISTRIBUTION

LONG-TERM CARE BED INVENTORY UPDATES 03/19/2008 - 01/16/2011			
LONG-TERM CARE GENERAL NURSING BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
Perry	315	210	5
Randolph	550	492	58
Richland	333	309	24
Union	347	293	54
Washington	169	263	(94)
Wayne	133	169	(36)
White	337	355	(18)
Williamson	574	563	11
HEALTH SERVICE AREA 006			
Planning Area 6-A	5,766	7,290	(1,524)
Planning Area 6-B	4,283	4,210	73
Planning Area 6-C	4,706	5,039	(333)
HEALTH SERVICE AREA 007			
Planning Area 7-A	4,101	3,210	891
Planning Area 7-B	6,896	7,103	(207)
Planning Area 7-C	6,626	5,990	636
Planning Area 7-D	2,342	2,898	(556)
Planning Area 7-E	9,242	8,069	1,173
HEALTH SERVICE AREA 008			
Kane	2,948	3,030	(82)
Lake	4,884	4,825	59
McHenry	1,344	1,028	316
HEALTH SERVICE AREA 009			
Grundy	239	265	(26)
Kankakee	1,239	1,368	(109)
Kendall	213	185	28
Will	3,055	2,810	245
HEALTH SERVICE AREA 010			
Henry	428	518	(90)
Mercer	182	172	10
Rock Island	1,259	1,316	(57)
HEALTH SERVICE AREA 011			
Clinton	402	407	(5)
Madison	2,073	2,216	(143)
Monroe	447	324	123
St.Clair	2,187	2,294	(107)
LONG-TERM CARE ICF/DD 16 BED NEED			
PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	257	360	(103)
HSA 2	265	333	(68)
HSA 3	728	383	(345)
HSA 4	319	334	(15)
HSA 5	253	703	(450)
HSA 6,7,8 & 9	3,316	1,133	2,183
HSA 10	84	40	44
HSA 11	222	384	(162)

LONG-TERM CARE BED INVENTORY UPDATES
03/19/2008 - 1/16/2011
PLANNING AREA
CALCULATED APPROVED ADDITIONAL BEDS NEEDED
BED NEED BEDS OR EXCESS BEDS ()
LONG-TERM CARE GENERAL NURSING BED NEED

HEALTH SERVICE AREA	Health Planning Area	Calculated Bed Need	Approved Beds	Additional Bed Need or Excess Beds
HEALTH SERVICE AREA 001	Boone	310	279	31
HEALTH SERVICE AREA 001	Carroll	204	170	34
HEALTH SERVICE AREA 001	DeKalb	694	742	-48
HEALTH SERVICE AREA 001	Jo Daviess	217	155	62
HEALTH SERVICE AREA 001	Lee	310	342	-32
HEALTH SERVICE AREA 001	Ogle	573	553	20
HEALTH SERVICE AREA 001	Stephenson	662	663	-1
HEALTH SERVICE AREA 001	Whiteside	717	822	-105
HEALTH SERVICE AREA 001	Winnebago	2,332	2,338	-6
HEALTH SERVICE AREA 001 Total		6,019	6,064	-45
HEALTH SERVICE AREA 002	Bureau/Putnam	413	447	-34
HEALTH SERVICE AREA 002	Fulton	532	672	-140
HEALTH SERVICE AREA 002	Henderson/Warren	259	217	42
HEALTH SERVICE AREA 002	Knox	816	965	-149
HEALTH SERVICE AREA 002	LaSalle	1,329	1,410	-81
HEALTH SERVICE AREA 002	Marshall/Stark	373	427	-54
HEALTH SERVICE AREA 002	McDonough	388	376	12
HEALTH SERVICE AREA 002	Peoria	1,698	1,822	-124
HEALTH SERVICE AREA 002	Tazewell	1,621	1,293	328
HEALTH SERVICE AREA 002	Woodford	672	594	78
HEALTH SERVICE AREA 002 Total		8,101	8,223	-122
HEALTH SERVICE AREA 003	Adams	1,338	1,495	-157
HEALTH SERVICE AREA 003	Brown/Schuyler	184	215	-31
HEALTH SERVICE AREA 003	Calhoun/Pike	265	337	-72
HEALTH SERVICE AREA 003	Cass	207	150	57
HEALTH SERVICE AREA 003	Christian	412	472	-60
HEALTH SERVICE AREA 003	Greene	159	119	40
HEALTH SERVICE AREA 003	Hancock	196	241	-45
HEALTH SERVICE AREA 003	Jersey	387	369	18
HEALTH SERVICE AREA 003	Logan	494	468	26
HEALTH SERVICE AREA 003	Macoupin	683	744	-61
HEALTH SERVICE AREA 003	Mason	135	164	-29
HEALTH SERVICE AREA 003	Menard	202	192	10
HEALTH SERVICE AREA 003	Montgomery	563	624	-61
HEALTH SERVICE AREA 003	Morgan/Scott	608	654	-46
HEALTH SERVICE AREA 003	Sangamon	1,395	1,254	141
HEALTH SERVICE AREA 003 Total		7,228	7,498	-270
HEALTH SERVICE AREA 004	Champaign	1,003	908	95
HEALTH SERVICE AREA 004	Clark	296	255	41
HEALTH SERVICE AREA 004	Coles/Cumberland	724	939	-215
HEALTH SERVICE AREA 004	DeWitt	187	190	-3
HEALTH SERVICE AREA 004	Douglas	233	233	0

HEALTH SERVICE AREA 004	Edgar	282	299	-17
HEALTH SERVICE AREA 004	Ford	247	427	-180
HEALTH SERVICE AREA 004	Iroquois	477	486	-9
HEALTH SERVICE AREA 004	Livingston	500	541	-41
HEALTH SERVICE AREA 004	Macon	1,307	1,292	15
HEALTH SERVICE AREA 004	McLean	1,277	1,112	165
HEALTH SERVICE AREA 004	Moultrie	309	369	-60
HEALTH SERVICE AREA 004	Piatt	160	160	0
HEALTH SERVICE AREA 004	Shelby	252	265	-13
HEALTH SERVICE AREA 004	Vermilion	680	773	-93
HEALTH SERVICE AREA 004 Total		7,934	8,249	-315
HEALTH SERVICE AREA 005	Alexander/Pulaski	116	83	33
HEALTH SERVICE AREA 005	Bond	179	198	-19
HEALTH SERVICE AREA 005	Clay	145	209	-64
HEALTH SERVICE AREA 005	Crawford	245	215	30
HEALTH SERVICE AREA 005	Edwards/Wabash	145	139	6
HEALTH SERVICE AREA 005	Effingham	404	432	-28
HEALTH SERVICE AREA 005	Fayette	246	261	-15
HEALTH SERVICE AREA 005	Franklin	430	400	30
HEALTH SERVICE AREA 005	Gallatin/Hamilton/Saline	701	667	34
HEALTH SERVICE AREA 005	Hardin/Pope	94	109	-15
HEALTH SERVICE AREA 005	Jackson	336	427	-91
HEALTH SERVICE AREA 005	Jasper	69	82	-13
HEALTH SERVICE AREA 005	Jefferson	399	346	53
HEALTH SERVICE AREA 005	Johnson/Massac	339	312	27
HEALTH SERVICE AREA 005	Lawrence	338	360	-22
HEALTH SERVICE AREA 005	Marion	837	605	232
HEALTH SERVICE AREA 005	Perry	215	210	5
HEALTH SERVICE AREA 005	Randolph	550	492	58
HEALTH SERVICE AREA 005	Richland	333	309	24
HEALTH SERVICE AREA 005	Union	347	293	54
HEALTH SERVICE AREA 005	Washington	169	263	-94
HEALTH SERVICE AREA 005	Wayne	133	169	-36
HEALTH SERVICE AREA 005	White	337	355	-18
HEALTH SERVICE AREA 005	Williamson	574	563	11
HEALTH SERVICE AREA 005 Total		7,681	7,499	182
HEALTH SERVICE AREA 006	Planning Area 6-A	5,766	7,290	-1,524
HEALTH SERVICE AREA 006	Planning Area 6-B	4,283	4,210	73
HEALTH SERVICE AREA 006	Planning Area 6-C	4,706	5,039	-333
HEALTH SERVICE AREA 006 Total		14,755	16,539	-1,784
HEALTH SERVICE AREA 007	Planning Area 7-A	4,101	3,210	891
HEALTH SERVICE AREA 007	Planning Area 7-B	6,896	7,103	-207
HEALTH SERVICE AREA 007	Planning Area 7-C	6,626	5,988	638
HEALTH SERVICE AREA 007	Planning Area 7-D	2,342	2,898	-556
HEALTH SERVICE AREA 007	Planning Area 7-E	9,242	8,969	273
HEALTH SERVICE AREA 007 Total		29,207	28,168	1,039
HEALTH SERVICE AREA 008	Kane	2,948	2,910	38
HEALTH SERVICE AREA 008	Lake	4,884	4,820	64
HEALTH SERVICE AREA 008	McHenry	1,344	1,028	316
HEALTH SERVICE AREA 008 Total		9,176	8,758	418
HEALTH SERVICE AREA 009	Grundy	239	265	-26
HEALTH SERVICE AREA 009	Kankakee	1,259	1,368	-109
HEALTH SERVICE AREA 009	Kendall	213	185	28
HEALTH SERVICE AREA 009	Will	3,055	2,810	245

HEALTH SERVICE AREA 009 Total		4,766	4,628	138
HEALTH SERVICE AREA 010	Henry	428	518	-90
HEALTH SERVICE AREA 010	Mercer	182	172	10
HEALTH SERVICE AREA 010	Rock Island	1,259	1,308	-49
HEALTH SERVICE AREA 010 Total		1,869	1,998	-129
HEALTH SERVICE AREA 011	Clinton	402	407	-5
HEALTH SERVICE AREA 011	Madison	2,073	2,216	-143
HEALTH SERVICE AREA 011	Monroe	447	324	123
HEALTH SERVICE AREA 011	St.Clair	2,187	2,294	-107
HEALTH SERVICE AREA 011 Total		5,109	5,241	-132
Grand Total		101,845	102,865	-1,020

State of Illinois Population*	12,901,550
State of Illinois Beds	102,865
Ratio of Population to Beds	.0079
1.5x Illinois State Average	.0119

Lake County Population*	717,680
Lake County Beds	4,820
Ratio of Population to Beds	.0067

Thus the calculated ratio of beds to population in Lake County is less than 1.5 times the ratio of beds to population in the State of Illinois.

*State of Illinois Population and Lake County Population figures taken from the Illinois Department of Public Health Population Statistics Page for the most recent year of data available, 2008. The page can be found at http://www.idph.state.il.us/health/estpop2000_to_2009.htm.

ATTACHMENT 28 MALDISTRIBUTION

2009 Facility Occupancy Data
HSA 8, Planning Area Lake

Facility ID	Facility Name	Facility Address	Facility City	Facility Zip Code	Facility Type	Total Unneeded Beds	Total Patient Days	Care Days Possible	Occupancy %
6000038	ABBOTT HOUSE, LLC	405 CENTRAL AVENUE	HIGHLAND PARK	60035	Multiple-Level	106	37,851	38,690	97.83
6000764	BAYSIDE TERRACE	1100 SOUTH LEWIS AVENUE	WAUKEGAN	60085	Multiple-Level	168	54,328	61,320	88.60
6001119	BRENTWOOD NORTH HC & REHAB CENTER	3705 DEERFIELD ROAD	RIVERWOODS	60015	Multiple-Level	240	49,247	87,600	56.22
6002281	HELIA HEALTHCARE OF ZION	1805 27TH STREET	ZION	60099	Multiple-Level	116	23,242	42,340	54.89
6004410	HILLCREST RETIREMENT VILLAGE LTD	1740 NORTH CIRCUIT DRIVE	ROUND LAKE BEACH	60073	Multiple-Level	142	49,530	51,830	95.56
6005144	CLARIDGE HEALTHCARE CENTER	700 JENKISSON AVENUE	LAKE BLUFF	60044	Multiple-Level	231	34,489	84,315	40.90
6005151	LAKE FOREST HOSP-WESTMORELAND	660 NORTH WESTMORELAND ROAD	LAKE FOREST	60045	Hospital-Based	88	22,177	32,120	69.04
6005359	LIBERTYVILLE MANOR EXTEND. CARE FACILITY	810 PETERSON ROAD (HWY. #137)	LIBERTYVILLE	60048	Multiple-Level	174	21,768	63,510	34.27
6005714	ALDEN-LONG GROVE REHAB/HC CTR	BOX 2308 RFD OLD HICKS ROAD	LONG GROVE	60087	Multiple-Level	248	56,098	90,520	84.18
6006647	GLEN LAKE TERRACE NSG & REHAB	2222 WEST 14TH STREET	WAUKEGAN	60085	Multiple-Level	271	82,504	98,915	83.41
6007280	HIGHLAND PARK NURSING & REHAB CENTER	50 PLEASANT AVENUE	HIGHWOOD	60040	Multiple-Level	95	28,004	34,675	80.76
6008163	ROLLING HILLS MANOR NSG HOME	3615 16TH STREET	ZION	60099	Multiple-Level	127	40,823	48,355	86.07
6008565	SHELTERING OAK	P.O. BOX 367	ISLAND LAKE	60042	Multiple-Level	70	24,090	25,550	94.29
6008593	SHERIDAN HEALTH CARE CENTER	2534 ELM AVENUE	ZION	60089	Multiple-Level	250	71,054	81,250	77.87
6009377	TERRACE NURSING HOME, THE	1615 SUNSET AVENUE	WAUKEGAN	60087	Multiple-Level	115	40,810	41,975	97.22
6009435	WAUCONDA HEALTHCARE & REHAB	176 THOMAS COURT	WAUCONDA	60084	Multiple-Level	135	40,873	49,275	82.54
6009799	PAVILION OF WAUKEGAN	2217 WASHINGTON STREET	WAUKEGAN	60085	Multiple-Level	109	32,447	39,785	81.56
6009807	LAKE PARK CENTER	919 WASHINGTON PARK	WAUKEGAN	60085	Multiple-Level	210	72,858	76,650	95.05
6010003	WHITEHALL OF DEERFIELD	300 WAUKEGAN ROAD	DEERFIELD	60015	Multiple-Level	190	58,039	69,350	83.68
6010052	WINCHESTER HOUSE	1125 NORTH MILWAUKEE AVENUE	LIBERTYVILLE	60048	Multiple-Level	380	77,135	131,400	58.70
6010482	MANOR CARE OF LIBERTYVILLE	1500 SOUTH MILWAUKEE AVENUE	LIBERTYVILLE	60048	Multiple-Level	150	42,813	54,750	78.20
6011332	VILLAGE AT VICTORY LAKES, THE	1055 EAST GRAND AVENUE	LINDENHURST	60046	Multiple-Level	120	31,150	43,800	71.21
6014138	LEXINGTON OF LAKE ZURICH	900 SOUTH RAND ROAD	LAKE ZURICH	60047	Multiple-Level	198	65,756	72,270	90.99
6014195	CLAREMONT REHAB & LIVING CTR.	150 NORTH WEILAND ROAD	BUFFALO GROVE	60089	Multiple-Level	200	57,069	73,000	78.18
6014344	ARLINGTON REHAB & LIVING CTR.	1666 CHECKER ROAD	LONG GROVE	60047	Multiple-Level	190	65,437	69,350	94.36
6014377	THE WEALSHIRE	150 JAMESTOWN LANE	LINCOLNSHIRE	60068	Multiple-Level	144	42,514	52,560	80.89
6014963	MANOR CARE OF HIGHLAND PARK	2773 SKOKIE VALLEY ROAD	HIGHLAND PARK	60035	Multiple-Level	215	34,021	78,475	43.35
6015457	LAKE FOREST PLACE	1100 PEMBRIDGE DRIVE	LAKE FOREST	60045	Multiple-Level	63	21,097	22,995	91.75
6016158	PRAIRIEVIEW AT THE GARLANDS	6000 GARLANDS LANE	BARRINGTON	60010	Multiple-Level	20	4,609	7,300	63.14
6016358	RENAISSANCE GARDENS SEDGEBROOK	960 AUDUBON WAY	LINCOLNSHIRE	60069	Multiple-Level	44	2,383	16,060	14.84

ATTACHMENT 28

IMPACT OF PROJECT ON OTHER AREA PROVIDERS

The addition of 88 unrestricted beds at Sedgebrook would only account for 1.2% of the capacity in the 30-minute drive time area. Assuming full capacity (32,120 bed days per year) was achieved immediately, the facility would only make a 0.2% difference* in the area's occupancy levels. This increase in beds is fractional compared to the number of licensed beds in the area, thus it is unlikely that the addition of these beds will lower the utilization of other area providers, both those who are operating above 90% and those operating below 90%.

Additionally, the Lake County Health Planning Area has a bed need of 59 beds, as published in the *Inventory of Health Care Facilities and Services and Need Determinations - Long-Term Care Bed Inventory Update*, dated January 18, 2011.

*This calculation is based on the Lake County Health Planning Area 2005 Patient Days of 1,266,498 as calculated on the *Inventory of Health Care Facilities and Services and Need Determinations*, dated March 12, 2008.

ATTACHMENT 28

STAFFING AVAILABILITY

The skilled nursing facility at Sedgebrook is already fully staffed by Nurses and Certified Nursing Assistants. The Sedgebrook Health Center current exceeds staffing requirements as regulated by the IDPH. We presently have the following employees on staff and will continue to recruit for these positions as we make our beds available for direct admit patients.

- Licensed Registered Dietician
- Licensed Social Worker
- Certified Activity Professional
- Director of Nursing
- Assistant Director of Nursing
- MDS/Clinical Documentation Manager
- Staff Development Coordinator
- Nine full time Registered Nurses
- Five part time Registered Nurses
- Four full time LPN's
- One part time LPN
- Eleven "on call" nurses
- Twenty Five full time Certified Nursing Assistants
- Four part time Certified Nursing Assistants
- Fourteen "on call" Certified Nursing Assistants
- Maintenance Mechanic
- Three full time housekeepers

ATTACHMENT 28

FACILITY SIZE

The skilled nursing facility at Sedgebrook has 88 beds. This application, which requests to remove the CCRC restriction on those beds and add additional beds will not exceed the standard of 250 beds.

ATTACHMENT 28

COMMUNITY RELATED FUNCTIONS

- i) **Community Related Functions – Review Criterion**
The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from such organizations. Letters from the community are included in Appendix C.

ATTACHMENT 28

ZONING

Attached is the Owner's Policy of Title Insurance which states that the land is not zoned to prohibit a continuing care retirement community from operating as listed on the second to last page of the policy.



OWNER'S POLICY OF TITLE INSURANCE

Issued by

CHICAGO TITLE INSURANCE COMPANY

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason by:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protection

if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

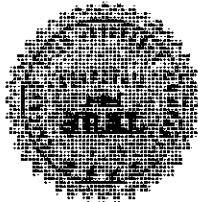
OWNER'S POLICY (2006)

- 6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
- 7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
- 8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
- 9. Title being vested other than as stated Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
- 10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

CHICAGO TITLE INSURANCE COMPANY



By: *Raymond R. Quirk*
Raymond R. Quirk
President

By: *Michael Gravelle*
Michael Gravelle
Secretary

Countersigned

Henry S. Gray
Authorized Signatory

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (2006)
SCHEDULE A

POLICY NUMBER: 1401 - 008489211 - D1

DATE OF POLICY: NOVEMBER 19, 2010

AMOUNT OF INSURANCE: \$30,000,000.00

1. NAME OF INSURED:

LINCOLNSHIRE SENIOR CARE, LLC, A DELAWARE LIMITED LIABILITY COMPANY

2. THE ESTATE OR INTEREST IN THE LAND THAT IS INSURED BY THIS POLICY IS:
FEE SIMPLE, UNLESS OTHERWISE NOTED.

3. TITLE IS VESTED IN:
THE INSURED

4. THE LAND HEREIN DESCRIBED IS ENCUMBERED BY THE FOLLOWING MORTGAGE OR TRUST DEED
AND ASSIGNMENTS:
NONE

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (2006)
SCHEDULE A (CONTINUED)

POLICY NUMBER: 1401-008489211-D1

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

LOT 1 IN SEDGEBROOK SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SECTION 22 AND OF THE SOUTHWEST 1/4 OF SECTION 23 AND OF THE NORTHWEST 1/4 OF SECTION 26 AND OF THE NORTHEAST 1/4 OF SECTION 27, ALL IN TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, LAKE COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 5, 2005 AS DOCUMENT NUMBER 5870940.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

CHICAGO TITLE INSURANCE COMPANY

OWNER'S POLICY (2006)

SCHEDULE B

POLICY NUMBER: 1401-008489211-D1

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE, THE COMPANY WILL NOT PAY COSTS, ATTORNEY'S FEES OR EXPENSES THAT ARISE BY REASON OF:

GENERAL EXCEPTIONS:

- (1) RIGHTS OR CLAIMS OF PARTIES IN POSSESSION NOT SHOWN BY PUBLIC RECORDS.
- (2) ANY ENCROACHMENT, ENCUMBRANCE, VIOLATION, VARIATION, OR ADVERSE CIRCUMSTANCE AFFECTING THE TITLE THAT WOULD BE DISCLOSED BY AN ACCURATE AND COMPLETE LAND SURVEY OF THE LAND.
- (3) EASEMENTS, OR CLAIMS OF EASEMENTS, NOT SHOWN BY PUBLIC RECORDS.
- (4) ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.
- (5) TAXES OR SPECIAL ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE PUBLIC RECORDS.

B

6.

- 1. TAXES FOR THE YEAR 2010
2010 TAXES ARE NOT YET DUE OR PAYABLE.

PERM TAX#	YEAR	1ST INST	STAT	2ND INST	STAT
15-22-406-001	2009	\$153,831.57	PAID	\$153,831.57	PAID

(AFFECTS PART OF LOT 1)

15-23-302-001	2009	\$1,001,462.65	PAID	\$1,001,462.66	PAID
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(AFFECTS PART OF LOT 1)

AG

- 7. GRANT OF EASEMENT DATED DECEMBER 13, 1985 AND RECORDED MARCH 24, 1986 AS DOCUMENT 2428651, BETWEEN THE FIRST NATIONAL BANK OF SKOKIE AS TRUSTEE UNDER TRUST NUMBER 5310, THE GRANTOR, AND TOWER PARKWAY ASSOCIATES, AND THE VILLAGE OF LINCOLNSHIRE, AN ILLINOIS MUNICIPAL CORPORATION, THE GRANTEE WHEREIN THE GRANTOR GIVES THE GRANTEE A 6 FOOT NON EXCLUSIVE ACCESS EASEMENT OVER THE FOLLOWING DESCRIBED REAL ESTATE:

THAT PART OF SECTION 23 AND 26, TOWNSHIP 43 NORTH RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION BEING SUBDIVISION IN SECTION 26, TOWNSHIP 43 NORTH, RANGE 11, WITH THE CENTERLINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE CENTERLINE OF MILWAUKEE AVENUE 1203.4 FEET TO THE CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD 50.09 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE, BEING THE POINT OF BEGINNING OF THE EASEMENT HEREIN INTENDED TO BE DESCRIBED, THENCE NORTH 14 DEGREES, 48 MINUTES, 02 SECONDS WEST ALONG THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE 950 FEET; THENCE NORTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 6.01 FEET; THENCE SOUTH 14 DEGREES, 48 MINUTES, 02 SECONDS EAST 950 FEET TO THE

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (2006)
SCHEDULE B

POLICY NUMBER: 1401 - 008469211 - D1

EXCEPTIONS FROM COVERAGE (CONTINUED)

CENTERLINE OF VACATED SOUTH MILL ROAD; THENCE SOUTH 78 DEGREES, 36 MINUTES, 08 SECONDS EAST 6.01 FEET TO THE EASTERLY RIGHT OF WAY LINE OF MILWAUKEE AVENUE BEING THE POINT OF BEGINNING IN LAKE COUNTY, ILLINOIS.

(AFFECTS THE WESTERLY 6 FEET OF THE SOUTHERLY 950 FEET OF THE LAND)

- AH 8. 20 FOOT SANITARY SEWER EASEMENT ALONG THE SOUTHERLY AND EASTERLY LINES OF THE LAND, AS DISCLOSED BY PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
- AI 9. RIGHTS OF VARIOUS UTILITIES TO MAINTAIN FACILITIES ALONG THE NORTHEASTERLY, WESTERLY AND SOUTHERLY LOT LINES, AS DEPICTED ON THE PLAT OF SURVEY BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.
- AL 10. GRANT OF A 20 FOOT SEWER EASEMENT DATED DECEMBER 13, 1976 AND RECORDED AUGUST 30, 1977 AS DDCUMENT NO. 1861549 MADE BY AND BETWEEN THE FIRST NATIONAL BANK OF SKOKIE, AS TRUSTEE UNDER TRUST NUMBER 5310 AND THE VILLAGE OF LINCOLNSHIRE OVER THE FOLLOWING LAND:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF LOT 2 IN TRIPP'S SUBDIVISION, BEING A SUBDIVISION IN SECTION 26, TOWNSHIP 43 RANGE 11, WITH THE CENTER LINE OF MILWAUKEE AVENUE; THENCE NORTH 14 DEGREES 48 MINUTES 02 SECONDS WEST ALONG THE CENTER LINE OF MILWAUKEE AVENUE, 1203.4 FEET TO THE CENTER LINE OF VACATED SOUTH MILL ROAD; THENCE NORTH 78 DEGREES 36 MINUTES 8 SECONDS EAST ALONG THE CENTER OF SAID VACATED ROAD, 1478.42 FEET TO THE PLACE OF BEGINNING OF THE CENTER LINE OF EASEMENT HEREIN INTENDED TO BE DESCRIBED; THENCE NORTH 0 DEGREES 11 MINUTES 22 SECONDS EAST, 872.19 FEET; THENCE NORTH 19 DEGREES 04 SECONDS 00 MINUTES EAST, 661.86 FEET TO A POINT ON THE CENTER LINE OF NORTH MILL ROAD WHICH IS 1900.74 FEET SOUTHEASTERLY (AS MEASURED ALONG THE CENTER LINE OF SAID ROAD) FROM THE WEST LINE OF SAID SECTION 23, AND WHICH IS THE NORTHERLY TERMINUS OF THE 20 FOOT WIDE EASEMENT HEREIN INTENDED TO BE DESCRIBED, IN LAKE COUNTY, ILLINOIS.
- AM 11. ORDINANCE NO. 03-1863-40, ANNEXING THE LAND TO THE VILLAGE OF LINCOLNSHIRE, RECORDED NOVEMBER 17, 2003 AS DOCUMENT 5434456.
- AX 12. VILLAGE OF LINCOLNSHIRE ORDINANCE NO. 04-1905-21 RECORDED AUGUST 20, 2004 AS DOCUMENT 5628300 AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW MODIFICATIONS TO THE OVERALL CAMPUS DESIGN AND TO ALLOW INTEGRATED PARKING STRUCTURES.
- AD 13. THE LAND LIES WITHIN THE BOUNDARIES OF VILLAGE OF LINCOLNSHIRE SPECIAL SERVICE AREA NUMBER 1 AS DISCLOSED BY ORDINANCE RECORDED DCTOBER 29, 2004 AS DOCUMENT 567272B AND ORDINANCE RECORDED OCTOBER 29, 2004 AS DOCUMENT 5672731 ISSUING SPECIAL SERVICE AREA NUMBER 1 SPECIAL TAX BONDS SERIES 2004, AND IS SUBJECT TO ADDITIONAL TAXES UNDER THE TERMS OF SAID ORDINANCE AND SUBSEQUENT RELATED ORDINANCES.
L NOTE: THERE IS NO TAX CURRENTLY OWING.
- AF 14. FLOODPLAIN EASEMENT AND STORMWATER MANAGEMENT EASEMENT, AND BLANKET EASEMENT FOR STORM SEWER AND OVERLAND FLOW, AND THE RESTRICTIVE COVENANTS AND USE RESTRICTIONS RELATING THERETO, CONTAINED IN THE PLAT OF EASEMENT RECORDED JULY 8, 2004 AS DOCUMENT NO. 5596461.

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (2006)
SCHEDULE B

POLICY NUMBER: 1401 - 008489211 - D1

EXCEPTIONS FROM COVERAGE (CONTINUED)

SEE PLAT FOR EXACT LOCATIONS OF EASEMENTS.

- AD 15. TERMS AND PROVISIONS OF AN ORDINANCE AMENDING ORDINANCE NO. 03-1864-41 TO ALLOW THE EXPANSION OF PARKING DECK 1.0 SERVING NEIGHBORHOOD NO. 1 OF THE SEDGEBROOK CONTINUING CARE RETIREMENT CAMPUS (ERICKSON RETIREMENT COMMUNITIES), RECORDED AUGUST 20, 2004, AS DOCUMENT NUMBER 5628298.
- AY 16. DECLARATION OF CONSENT TO PAYMENT OF REAL ESTATE PROPERTY TAXES LEVIED AND EXTENDED PURSUANT TO LAW DATED MAY 19, 2005 AND RECORDED MAY 25, 2005 AS DOCUMENT 5787958 BY CNL RETIREMENT ER5, LP, A DELAWARE LIMITED PARTNERSHIP, AND THE TERMS, PROVISIONS, COVENANTS AND CONDITIONS CONTAINED THEREIN.
- AP 17. "AREA RESERVED FOR FUTURE R.O.W. DEDICATION TO THE VILLAGE OF LINCOLNSHIRE", AS NOTED ON THE PLAT OF SUBDIVISION RECORDED OCTOBER 5, 2005 AS DOCUMENT NUMBER 5870940, AFFECTING THE NORTHWEST CORNER OF THE LAND.
- AQ 18. BUILDING LINE(S) AS SHOWN ON THE PLAT OF SUBDIVISION RECORDED AS DOCUMENT NO. 5870940, AFFECTING THE NORTH 100 FEET, THE EAST 50 FEET, THE SOUTH 50 FEET AND THE WEST 100 FEET OF THE LAND.
- AR 19. 25 FOOT AREA RESERVED FOR FUTURE RIGHT OF WAY DEDICATION TO THE ILLINOIS DEPARTMENT OF TRANSPORTATION AS DEPICTED ALONG MILWAUKEE AVENUE ON PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.
- AS 20. 25 FOOT PARKING SETBACK LINE ALONG THE SOUTHERLY PART OF THE LAND AS SHOWN ON PLAT OF SEDGEBROOK SUBDIVISION, RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940.
- AT 21. EASEMENT IN FAVOR OF THE VILLAGE OF LINCOLNSHIRE FOR THE PURPOSE OF HIKING AND RECREATIONAL PATH, AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED/FILED OCTOBER 25, 2005 AS DOCUMENT NO. 5870940 AFFECTING THE SOUTHERLY AND EASTERLY PARTS OF THE LAND, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.
- AU 22. BLANKET EASEMENT FOR WATERMAIN & WATER METER ACCESS AS CREATED BY PLAT OF SEDGEBROOK SUBDIVISION RECORDED OCTOBER 5, 2005, AS DOCUMENT NUMBER 5870940:

AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE VILLAGE OF LINCOLNSHIRE AND THEIR SUCCESSORS AND ASSIGNS, IN, UPON, ACROSS, OVER, UNDER AND THROUGH THAT PART OF LOT 1 AS DEFINED IN SURVEYOR'S NOTE 1 TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN UNDERGROUND WATER MAINS WITH ALL NECESSARY MANHOLES, WATER VALVES, AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THE SUBDIVISION WITH WATER SERVICE; THE RIGHT TO ENTER UPON THE LOT AT ALL TIMES TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE, AND MAINTAIN WITHIN SAID EASEMENT AREA SAID MANHOLES, WATER VALVES, AND OTHER EQUIPMENT; AND FINALLY THE RIGHT IS HEREBY GRANTED TO CUT DOWN AND REMOVE, OR TRIM AND KEEP TRIMMED, ANY TREES, SHRUBS, OR SAPLINGS THAT INTERFERE OR THREATEN TO INTERFERE WITH SAID WATERMANS AND FACILITIES. IT IS FURTHER UNDERSTOOD THE ABOVE EASEMENTS SHALL BE NON-EXCLUSIVE. HOWEVER, NO PERMANENT BUILDINGS, ACCESSORY BUILDINGS, SHEDS OR OTHER STRUCTURES SHALL BE PLACED IN BLANKET EASEMENTS.

SURVEYORS NOTES:

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (2006)
SCHEDULE B

POLICY NUMBER: 1401 - 008489211 - D1

EXCEPTIONS FROM COVERAGE (CONTINUED)

1. A BLANKET EASEMENT FOR WATERMAIN AND WATER METER ACCESS IS HEREBY GRANTED OVER ALL OF LOT 1, EXCEPT FOR THE FOLLOWING AREAS WHICH ARE EXCLUDED FROM THE BLANKET EASEMENT:
 - A) THE AREA WITHIN THE FLOODPLAIN EASEMENT
 - B) THE AREA WITHIN THE STORM WATER MANAGEMENT EASEMENT
 - C) THE AREA WITHIN THE DESIGNATED NON-EASEMENT AREAS IN THE APPROXIMATE LOCATION SHOWN HEREON AND AS DEFINED BELOW.
 - D) THE AREA WITHIN THE HIKING AND RECREATIONAL PATH EASEMENT GRANTED HEREON TO THE LAKE COUNTY FOREST PRESERVE DISTRICT

2. THE LIMITS OF THE DESIGNATED NON-EASEMENT AREAS WILL BE A 3 FOOT ENVELOPE MEASURED FROM THE OUTSIDE FACE OF THE CONSTRUCTED BUILDINGS, ENCOMPASSING THE BUILDING AND THE 3 FOOT AREA. (APPROXIMATE LIMITS OF THE NON-EASEMENT AREAS HAVE BEEN SHOWN HEREON BASED ON THE "SEDEBROOK PHASE 1A SITE WORK" LAST DATED JUNE 23, 2004).

- AV 23. EASEMENT IN FAVOR OF COMCAST OF CALIFORNIA/ILLINOIS, LP, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. 6013822.

- AW 24. EASEMENT IN FAVOR OF THE LAKE COUNTY FOREST PRESERVE DISTRICT FOR THE PURPOSE OF INSTALLING AND MAINTAINING A PUBLIC TRAIL CORRIDOR, GRANTED BY PLAT OF EASEMENT RECORDED/FILED FEBRUARY 27, 2006 AS DOCUMENT NUMBER 5953269, AND TRAIL EASEMENT AGREEMENT RECORDED/FILED APRIL 26, 2006, AS DOCUMENT NO. 59B3517, AFFECTING THE SOUTHEASTERLY PART OF THE LAND, AS MORE SPECIFICALLY DESCRIBED ON EXHIBIT 2 ATTACHED THERETO, AND DEPICTED ON THE PLAT ATTACHED AS EXHIBIT 3 THERETO, AND THE TERMS AND PROVISIONS CONTAINED THEREIN.

- O 25. TERMS AND CONDITIONS CONTAINED IN THE MAINTENANCE AND HOLD HARMLESS COVENANT DATED OCTOBER 26, 2007 AND RECORDED NOVEMBER 1, 2007 AS DOCUMENT NO. 6264391.

- AZ 26. EXISTING UNRECORDED LEASES IN FAVOR OF HEALTHCARE COSMETOLOGY SERVICES, INC.; HEALTHCARE COSMETOLOGY SERVICES, INC.; DEVON BANK; HEARING ASSOCIATES, P.C.; AND EKOSCIENCE DIAGNOSTICS, LLC, AS DISCLOSED BY RENT ROLL ATTACHED TO THE OWNERS STATEMENT DATED NOVEMBER, 2010 AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.

- EA 27. RIGHTS OF PARTIES, IF ANY, UNDER RESIDENCE AND CARE AGREEMENTS AS SHOWN ON EXHIBIT "A" ATTACHED TO THE OWNER STATEMENT DATED NOVEMBER, 2010, AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER SAID AGREEMENT.

CHICAGO TITLE INSURANCE COMPANY

POLICY SIGNATURE PAGE

POLICY NUMBER: 1401 - 008489211 - D1

THIS POLICY SHALL NOT BE VALID OR BINDING UNTIL SIGNED BY AN AUTHORIZED SIGNATORY.

CHICAGO TITLE INSURANCE COMPANY

BY  AUTHORIZED SIGNATORY

CHICAGO TITLE INSURANCE COMPANY

OWNER'S POLICY (2006)

POLICY NUMBER: 1401 - 008489211 - D1

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,

- (3) If the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
- (4) If the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

CHICAGO TITLE INSURANCE COMPANY

OWNER'S POLICY (2006)

POLICY NUMBER: 1401 - 008489211 - D1

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as Insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as Insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as Insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an

action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as Insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to

secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b) (i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or
(ii) the difference between the value of the Title as Insured and the value of the Title subject to the risk insured against by this policy.

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POLICY NUMBER: 1401-008489211-D1

- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as Insured,
- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.
- 9. LIMITATION OF LIABILITY**
- (a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as Insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as Insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.
- 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY**
- All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.
- 11. LIABILITY NONCUMULATIVE**
- The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.
- 12. PAYMENT OF LOSS**
- When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.
- 13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT**
- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies. If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.
- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.
- 14. ARBITRATION**
- Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.
- 15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT**
- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.
- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.
- 16. SEVERABILITY**
- In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.
- 17. CHOICE OF LAW; FORUM**
- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.
- 18. NOTICES, WHERE SENT**
- Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at

CHICAGO TITLE INSURANCE COMPANY
National Claims Administration
P.O. Box 45023
Jacksonville, FL 32232-5023

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

POLICY MODIFICATION ENDORSEMENT 4

GENERAL EXCEPTION NUMBER(S) 1 THROUGH 5 OF SCHEDULE B OF THIS POLICY ARE HEREBY DELETED.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401-008489211-D1**

**ISSUED BY
CHICAGO TITLE INSURANCE COMPANY**

ALTA ENDORSEMENT FORM 25-06

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF THE FAILURE OF THE LAND AS DESCRIBED IN SCHEDULE A TO BE THE SAME AS THAT IDENTIFIED ON THE SURVEY MADE BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS, OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

ALTA ENDORSEMENT FORM 18.1-06

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF:

1. THOSE PORTIONS OF THE LAND IDENTIFIED BELOW NOT BEING ASSESSED FOR REAL ESTATE TAXES UNDER THE LISTED TAX IDENTIFICATION NUMBERS OR THOSE TAX IDENTIFICATION NUMBERS INCLUDING ANY ADDITIONAL LAND:

TAX IDENTIFICATION NUMBER(S):

15 22 406 001 0000
15 23 302 001 0000.

2. THE EASEMENTS, IF ANY, DESCRIBED IN SCHEDULE A BEING CUT OFF OR DISTURBED BY THE NONPAYMENT OF REAL ESTATE TAXES, ASSESSMENTS OR OTHER CHARGES IMPOSED ON THE SERVIENT ESTATE BY A GOVERNMENTAL AUTHORITY.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

LOCATION ENDORSEMENT 5 - SURVEY

THE COMPANY HEREBY INSURES THE INSURED AGAINST LOSS OR DAMAGE WHICH THE INSURED SHALL SUSTAIN IN THE EVENT THAT:

THE PLAT OF SURVEY MADE BY V3 CONSULTANTS DATED NOVEMBER 4, 2010, JOB NUMBER 04135.SCD, DOES NOT ACCURATELY DEPICT THE LOCATIONS OF THE EXTERIOR BOUNDARIES OF THE LAND DESCRIBED IN SCHEDULE A, DOES NOT SHOW THE PROPER DIMENSIONS OF SAID BOUNDARIES, AND DOES NOT CORRECTLY REFLECT THE ABSENCE AS OF THE DATE OF SAID SURVEY OF ANY ENCROACHMENTS OR EASEMENTS NOT OTHERWISE EXPRESSLY SET FORTH IN SCHEDULE B.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

**ARBITRATION ENDORSEMENT
SPECIAL POLICY MODIFICATION ENDORSEMENT**

**SECTION 14 ENTITLED ARBITRATION OF THE CONDITIONS AND STIPULATIONS OF SAID POLICY
IS HEREBY MODIFIED SO AS TO REMOVE COMPANY'S RIGHT TO DEMAND ARBITRATION.**

**THIS ENDORSEMENT IS MADE A PART OF THE POLICY OR COMMITMENT AND IS SUBJECT TO ALL
THE TERMS AND PROVISIONS THEREOF AND ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO
THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS
OF THE POLICY OR COMMITMENT AND PRIOR ENDORSEMENTS, IF ANY, NOR DOES IT EXTEND
THE EFFECTIVE DATE OF THE POLICY OR COMMITMENT AND PRIOR ENDORSEMENTS OR INCREASE
THE FACE AMOUNT THEREOF.**

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

ALTA ENDORSEMENT FORM 9.1-06

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF:

1. THE EXISTENCE, AT DATE OF POLICY, OF ANY OF THE FOLLOWING UNLESS EXPRESSLY EXCEPTED IN SCHEDULE B:
 - A. PRESENT VIOLATIONS ON THE LAND OF ANY ENFORCEABLE COVENANTS, CONDITIONS, OR RESTRICTIONS.
 - B. ANY INSTRUMENT REFERRED TO IN SCHEDULE B AS CONTAINING COVENANTS, CONDITIONS, OR RESTRICTIONS ON THE LAND THAT, IN ADDITION, (I) ESTABLISHES AN EASEMENT ON THE LAND; (II) PROVIDES FOR AN OPTION TO PURCHASE, A RIGHT OF FIRST REFUSAL, OR THE PRIOR APPROVAL OF A FUTURE PURCHASER OR OCCUPANT; OR (III) PROVIDES A RIGHT OF REENTRY, POSSIBILITY OF REVERTER, OR RIGHT OF FORFEITURE BECAUSE OF VIOLATIONS ON THE LAND OF ANY ENFORCEABLE COVENANTS, CONDITIONS, OR RESTRICTIONS.
 - C. ANY ENCROACHMENT ONTO THE LAND OF EXISTING IMPROVEMENTS LOCATED ON ADJOINING LAND.
 - D. ANY NOTICES OF VIOLATION OF COVENANTS, CONDITIONS, OR RESTRICTIONS RELATING TO ENVIRONMENTAL PROTECTION RECORDED OR FILED IN THE PUBLIC RECORDS.
2. DAMAGE TO BUILDINGS CONSTRUCTED ON THE LAND AFTER DATE OF POLICY RESULTING FROM THE FUTURE EXERCISE OF ANY RIGHT EXISTING AT DATE OF POLICY TO USE THE SURFACE OF THE LAND FOR THE EXTRACTION OR DEVELOPMENT OF MINERALS EXCEPTED FROM THE DESCRIPTION OF THE LAND OR EXCEPTED IN SCHEDULE B.

WHEREVER IN THIS ENDORSEMENT THE WORDS "COVENANTS, CONDITIONS, OR RESTRICTIONS" APPEAR, THEY SHALL NOT BE DEEMED TO REFER TO OR INCLUDE THE TERMS, COVENANTS, CONDITIONS, OR LIMITATIONS CONTAINED IN AN INSTRUMENT CREATING A LEASE.

AS USED IN PARAGRAPH 1.A., THE WORDS "COVENANTS, CONDITIONS, OR RESTRICTIONS" DO NOT INCLUDE ANY COVENANTS, CONDITIONS, OR RESTRICTIONS (A) RELATING TO OBLIGATIONS OF ANY TYPE TO PERFORM MAINTENANCE, REPAIR, OR REMEDIATION ON THE LAND, OR (B) PERTAINING TO ENVIRONMENTAL PROTECTION OF ANY KIND OR NATURE, INCLUDING HAZARDOUS OR TOXIC MATTERS, CONDITIONS, OR SUBSTANCES, EXCEPT TO THE EXTENT THAT A NOTICE OF A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED OR FILED IN THE PUBLIC RECORDS AT DATE OF POLICY AND IS NOT EXCEPTED IN SCHEDULE B.

(CONTINUED)

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

UTILITY FACILITY ENDORSEMENT

THE COMPANY HEREBY INSURES THE INSURED AGAINST LOSS OR DAMAGE WHICH SAID INSURED SHALL SUSTAIN IN THE EVENT THAT, AT DATE OF POLICY:

WATER, GAS, ELECTRIC, TELEPHONE, STORM SEWER AND SANITARY SEWER SERVICES ARE NOT AVAILABLE TO THE LAND DESCRIBED IN SCHEDULE A EITHER OVER, UNDER OR UPON PUBLIC RIGHTS OF WAY DIRECTLY ADJACENT TO SAID LAND OR OVER, UNDER OR UPON AN EASEMENT (NOT TERMINABLE BY THE GRANTOR THEREOF OR BY HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS) FOR THE BENEFIT OF SAID LAND THAT CONNECTS TO PUBLIC RIGHTS OF WAY.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

MODIFIED ALTA ENDORSEMENT FORM 8.1

THE COMPANY INSURES THE INSURED AGAINST LOSS OR DAMAGE SUSTAINED BY REASON OF:

- (A) ANY ENVIRONMENTAL PROTECTION LIEN WHICH, AT DATE OF POLICY, IS RECORDED IN THOSE RECORDS ESTABLISHED UNDER STATE STATUTES AT DATE OF POLICY FOR THE PURPOSE OF IMPARTING CONSTRUCTIVE NOTICE OF MATTERS RELATING TO REAL PROPERTY TO PURCHASERS FOR VALUE AND WITHOUT KNOWLEDGE, OR FILED IN THE RECORDS OF THE CLERK OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT IN WHICH THE LAND IS LOCATED, EXCEPT AS SET FORTH IN SCHEDULE B; OR
- (B) THE ENFORCEMENT OR ATTEMPTED ENFORCEMENT ON THE BASIS OF RELATION BACK TO THE DATE OF POLICY OF ANY ENVIRONMENTAL PROTECTION LIEN PROVIDED FOR BY ANY STATE STATUTE IN EFFECT AT DATE OF POLICY, EXCEPT ENVIRONMENTAL PROTECTION LIENS PROVIDED FOR BY THE FOLLOWING STATE STATUTES:
65 ILCS 5/11-31-1(F).

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (i) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (ii) MODIFY ANY PRIOR ENDORSEMENT, (iii) EXTEND THE DATE OF POLICY, OR (iv) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

(CONTINUED)

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

**ISSUED BY
CHICAGO TITLE INSURANCE COMPANY**

E-POLICY ENDORSEMENT

THE COMPANY HEREBY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF THE COMPANY DENYING LIABILITY UNDER THE POLICY OR ANY ENDORSEMENTS ISSUED THEREWITH SOLELY ON THE GROUNDS THAT THE POLICY AND/OR ENDORSEMENT(S) WERE ISSUED ELECTRONICALLY AND/OR LACK ORDINARY SIGNATURES IN ACCORDANCE WITH PARAGRAPH 14(C) OF THE CONDITIONS OF THE POLICY.

ENDORSEMENT
ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY
CHICAGO TITLE INSURANCE COMPANY

ALTA ENDORSEMENT FORM 26-06

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF THE FAILURE OF THE LAND TO CONSTITUTE A LAWFULLY CREATED PARCEL ACCORDING TO THE SUBDIVISION STATUTES AND LOCAL SUBDIVISION ORDINANCES APPLICABLE TO THE LAND.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

**ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1**

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

ALTA ENDORSEMENT FORM 17-06

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED IF, AT DATE OF POLICY (I) THE LAND DOES NOT ABUT AND HAVE BOTH ACTUAL VEHICULAR AND PEDESTRIAN ACCESS TO AND FROM MILWAUKEE AVENUE AND NORTH RIVERSIDE ROAD (THE "STREETS"), (II) THE STREETS ARE NOT PHYSICALLY OPEN AND PUBLICLY MAINTAINED, OR (III) THE INSURED HAS NO RIGHT TO USE EXISTING CURB CUTS OR ENTRIES ALONG THAT PORTION OF THE STREETS ABUTTING THE LAND.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

"PUD" ENDORSEMENT (modified)

THE COMPANY HEREBY INSURES THE INSURED AGAINST LOSS OR DAMAGE BY REASON OF:

1. PRESENT VIOLATIONS OF ANY RESTRICTIVE COVENANT REFERRED TO IN SCHEDULE B WHICH RESTRICT THE USE OF THE LAND;
2. THE ENFORCED REMOVAL OF ANY EXISTING STRUCTURE ON THE LAND (OTHER THAN A BOUNDARY WALL OR FENCE) BECAUSE IT ENCROACHES ONTO ADJOINING LAND OR ONTO ANY EASEMENTS; AND
3. THE FAILURE OF TITLE BY REASON OF A RIGHT OF FIRST REFUSAL TO PURCHASE THE LAND WHICH WAS EXERCISED OR COULD HAVE BEEN EXERCISED AT DATE OF POLICY.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY
CHICAGO TITLE INSURANCE COMPANY

ALTA ENDORSEMENT FORM 3.1-06 (MODIFIED)

1. THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED IN THE EVENT THAT, AT DATE OF POLICY,
 - A. ACCORDING TO APPLICABLE ZONING ORDINANCES AND AMENDMENTS, THE LAND IS NOT CLASSIFIED ZONE B2-PLANNED UNIT DEVELOPMENT;
 - B. THE FOLLOWING USE OR USES ARE NOT ALLOWED UNDER THAT CLASSIFICATION:

CONTINUING CARE RETIREMENT CAMPUS
RETAIL
ENTERTAINMENT
SERVICE BASED ANCILLARY USES.
 - C. THERE SHALL BE NO LIABILITY UNDER THIS PARAGRAPH 1.B. IF THE USE OR USES ARE NOT ALLOWED AS THE RESULT OF ANY LACK OF COMPLIANCE WITH ANY CONDITIONS, RESTRICTIONS, OR REQUIREMENTS CONTAINED IN THE ZONING ORDINANCES AND AMENDMENTS, INCLUDING BUT NOT LIMITED TO THE FAILURE TO SECURE NECESSARY CONSENTS OR AUTHORIZATIONS AS A PREREQUISITE TO THE USE OR USES. THIS PARAGRAPH 1.C. DOES NOT MODIFY OR LIMIT THE COVERAGE PROVIDED IN COVERED RISK 5.
2. THE COMPANY FURTHER INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION
 - A. PROHIBITING THE USE OF THE LAND, WITH ANY EXISTING STRUCTURE, AS INSURED IN PARAGRAPH 1.B.; OR
 - B. REQUIRING THE REMOVAL OR ALTERATION OF THE STRUCTURE ON THE BASIS THAT, AT DATE OF POLICY, THE ZONING ORDINANCES AND AMENDMENTS HAVE BEEN VIOLATED WITH RESPECT TO ANY OF THE FOLLOWING MATTERS:
 - I. AREA, WIDTH, OR DEPTH OF THE LAND AS A BUILDING SITE FOR THE STRUCTURE
 - II. FLOOR SPACE AREA OF THE STRUCTURE
 - III. SETBACK OF THE STRUCTURE FROM THE PROPERTY LINES OF THE LAND
 - IV. HEIGHT OF THE STRUCTURE,
 - V. NUMBER OF PARKING SPACES, OR

(CONTINUED)

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER: 1401 - 008489211 - D1

ISSUED BY

CHICAGO TITLE INSURANCE COMPANY

VI. NUMBER OF LOADING DOCKS.

3. THERE SHALL BE NO LIABILITY UNDER THIS ENDORSEMENT BASED ON

- A. THE INVALIDITY OF THE ZONING ORDINANCES AND AMENDMENTS UNTIL AFTER A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ADJUDICATING THE INVALIDITY, THE EFFECT OF WHICH IS TO PROHIBIT THE USE OR USES;
- B. THE REFUSAL OF ANY PERSON TO PURCHASE, LEASE OR LEND MONEY ON THE ESTATE OR INTEREST COVERED BY THIS POLICY.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ATTACHMENT 28

ASSURANCES

k) Assurances

- 1) The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

SEDGEBROOK

January 28, 2011

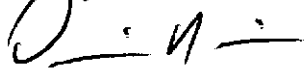
Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Certificate of Need Application for Sedgebrook Health Center, Attachment 28 –
Assurance of Achieving Occupancy Standard

Dear Mr. Galassie,

This statement is being filed pursuant to Section 1110.1730(k) of the Board's Rules (77 Ill. Adm. Code 1110.1730). The undersigned is an authorized representative of the applicant and attests that the applicant understands that by the second year of operation after the project completion, the applicant will make every attempt to achieve and maintain the occupancy standards specified in Part 1100 of the Board's rules for the long term care category of service.

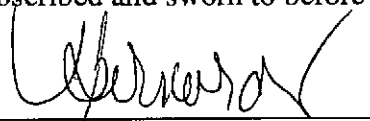
Sincerely,



David Reis
CEO, Senior Care Development, LLC

Notarization:

Subscribed and sworn to before me this 28th day of January, 2011



Signature of Notary

TERESA BERNARDI
Notary Public, State of New York
No. 01BE6187460
Qualified in Westchester County
Commission Expires May 16, 2012

Attachment 28 186

ATTACHMENT 39

AVAILABILITY OF FUNDS

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- May 2010 Edition

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. 1120.120- Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

\$1,730,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on deprecation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts.
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent.
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt.
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$1,730,000	TOTAL FUNDS AVAILABLE	

APPENDIX DOCUMENTATION IS ATTACHMENT 39 - IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

January 20, 2011

Gentlemen:

At the request of our client, Lincolnshire Senior Care, LLC, we are pleased to confirm to you that as of this date they maintain immediately available funds with us of a moderate seven figure amount.

Sincerely,

Geoffrey G. Gregory
Vice President
Wealth Management Advisor

Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government Agency	Are Not a Condition to Any Banking Service or Activity

MLPF&S is a registered broker-dealer, member Securities Investor Protection Corporation (SIPC) and a wholly owned subsidiary of Bank of America Corporation. Merrill Lynch Life Agency Inc. is a licensed agency and wholly owned subsidiary of Bank of America Corporation.

ATTACHMENT 40

FINANCIAL VIABILITY WAIVER

The applicant is not required to submit financial viability ratios because all project capital expenditures are completely funded through internal resources. As evidence for this, we have included a copy from Applicant's financial institution stating that such funds are available and a copy of the letter from Applicant attesting that all costs associated with the project will be funded through cash and cash equivalents.

SEDEBROOK

January 21, 2011

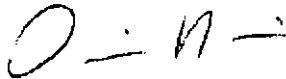
Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Certificate of Need Application for Sedgebrook Health Center, Attachment 42 –
Reasonableness of Financing Arrangement

Dear Mr. Galassie,

This letter is sent in regard to the Sedgebrook Health Center which is applying for a Certificate of Need ("CON") permit application to open its 88 skilled-nursing beds to the general public. This notarized statement signed by an authorized representative attests that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

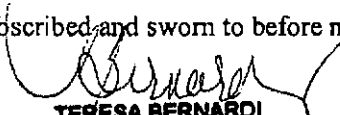
Sincerely,



David Reis
CEO, Senior Care Development LLC

Notarization:

Subscribed and sworn to before me this 21st day of January, 2011



TERESA BERNARDI
Notary Public, State of New York
No. 01BE6187460
Qualified in Westchester County
Commission Expires May 18, 2012

800 Audubon Way • Lincolnshire, IL 60069 • P 847.876.2100 F 847.876.2055 • WelcomeToSedgebrook.com




Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

January 20, 2011

Gentlemen:

At the request of our client, Lincolnshire Senior Care, LLC, we are pleased to confirm to you that as of this date they maintain immediately available funds with us of a moderate seven figure amount.

Sincerely,



Geoffrey G. Gregory
Vice President
Wealth Management Advisor

Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government Agency	Are Not a Condition to Any Banking Service or Activity

MLPF&S is a registered broker-dealer, member Securities Investor Protection Corporation (SIPC) and a wholly owned subsidiary of Bank of America Corporation. Merrill Lynch Life Agency Inc. is a licensed agency and wholly owned subsidiary of Bank of America Corporation.

ATTACHMENT 41

VIABILITY

The applicant is not required to submit financial viability ratios because all project capital expenditures are completely funded through internal resources as indicated in Attachment 40.

ATTACHMENT 42

REASONABLENESS OF PROJECT AND RELATED COSTS

- c) Reasonableness of Project and Related Costs – Review Criterion
The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:
- 1) Preplanning costs – This criterion is not applicable as there are no preplanning costs associated with this project.
 - 2) Total costs for site survey, soil investigation fees and site preparation – This criterion is not applicable as there are no site survey, soil investigation fees or site preparation costs associated with this project.
 - 3) Construction and modernization costs – This criterion is not applicable as there are no construction and modernization costs associated with this project.
 - 4) Contingencies – Contingencies of \$50,000 have been documented to address any unanticipated costs that may be associated with preparing existing space for use as general long term bed / skilled nursing. As a percentage of building acquisition costs (the only cost comparable to construction/modernization costs associated with this project) contingency costs are 3.1%, which is at or below the standards for contingencies listed in 77 Ill. Admin. Code 1120.APPENDIX A (New Construction 3-5%, Modernization 5-7%).
 - 5) New construction or modernization fees – This criterion is not applicable as there are no construction and modernization fees associated with this project.
 - 6) The costs of all capitalized equipment not included in construction contracts do not exceed the standards for equipment. The anticipated Movable or Other Equipment cost is \$400,000. On the basis of 88 beds, the calculated as a per bed cost is \$4,545.45. The corresponding standard listed in 77 Ill. Admin. Code 1120.APPENDIX is \$6,491 for 2008, adjusting for inflation using the RS Means rate of .05% increases this standard to \$6,497.49 for 2010 ($\$6,491 \times 1.0005 \times 1.0005$). The anticipated per bed equipment cost of \$4,545.45 is consistent with both the 2008 and 2010 standard and is thus in compliance.
 - 7) Building acquisition, net interest expense, and other estimated costs are not detailed in Appendix A. However, the costs are consistent with industry norms based upon a comparison with previously approved projects of similar scope and complexity. The scope of this project includes the purchase of an existing facility and the establishment of General Long Term Care beds, thus the most similar projects are for the construction or

modernization of General Long Term Beds. Based on General Long Term Care applications approved by the HFSRB for the establishment or modernization of beds, Applicant has included a table of Construction and Modernization costs per bed. Based on both Clinical Construction and Modernization Costs per Bed and Total Construction and Modernization Costs per Bed, Applicant's costs fall far below similar projects.

- 8) Cost Complexity Index (to be applied to hospitals only) – This criterion is inapplicable as the Applicant and Project related to General Long-Term Care beds in a continuing care community.

ATTACHMENT 42

REASONABLENESS OF PROJECT AND RELATED COSTS

Application	Date Approved	Beds	Clinical Construction and Modernization Costs	Non-Clinical Construction and Modernization Costs	Total Construction and Modernization Costs	Clinical Construction and Modernization Costs per Bed	Total Construction and Modernization Costs per Bed
Ottawa Pavillion Addison Rehabilitation and Living Center	4/20/2010	129	\$ 6,325,352	\$ 3,133,147	\$ 9,458,499	\$ 49,034	\$ 73,322
Asbury Pavillion Nursing and Rehab Center	3/2/2010	120	\$ 6,725,997	\$ 4,122,385	\$ 10,848,382	\$ 56,050	\$ 90,403
Mercy Circle Park Pointe - South Elgin Healthcare and Rehabilitation Center	6/8/2010	75	\$ 2,394,000	\$ 1,366,000	\$ 3,760,000	\$ 31,920	\$ 50,133
Sedgebrook Health Center	9/21/2010	24	\$ 4,007,106	\$ 24,538,707	\$ 28,545,813	\$ 166,963	\$ 1,189,409
	12/14/2010	120	\$ 10,724,764	\$ 2,850,887	\$ 13,575,651	\$ 89,373	\$ 113,130
	N/A	88	\$ 1,010,000	\$ 140,000	\$ 1,150,000	\$ 11,477	\$ 13,068

January 21, 2011

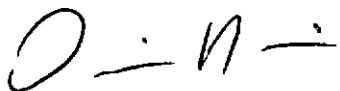
Mr. Dale Galassie
Chairman
Illinois Health Facility and Service Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Certificate of Need Application for Sedgebrook Health Center, Attachment 42 –
Reasonableness of Financing Arrangement

Dear Mr. Galassie,

This letter is sent in regard to the Sedgebrook Health Center which is applying for a Certificate of Need ("CON") permit application to open its 88 skilled-nursing beds to the general public. This notarized statement signed by an authorized representative attests that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

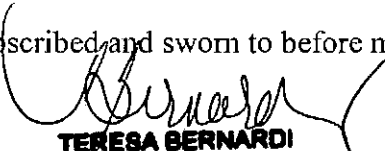
Sincerely,



David Reis
CEO, Senior Care Development LLC

Notarization:

Subscribed and sworn to before me this 21st day of January, 2011



TERESA BERNARDI
Notary Public, State of New York
No. 01BE6187450
Qualified in Westchester County
Commission Expires May 19, 2012

Attachment 42 196

ATTACHMENT 44

SAFETY NET IMPACT

This criterion is inapplicable as skilled nursing facilities are exempt from the Safety Net Impact Statement requirement as demonstrated below.

(20 ILCS 3960/5.4) Sec. 5.4. Safety Net Impact Statement. (a) General review criteria shall include a requirement that all health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, provide a Safety Net Impact Statement, which shall be filed with an application for a substantive project or when the application proposes to discontinue a category of service.

ATTACHMENT 44

CHARITY CARE

Applicant is unable to estimate the cost of charity care that will be provided as the proposed project contemplates Applicant's initial opening to direct admits. The operational model of Applicant contemplates that residents admitted from the independent living units to the skilled nursing facility will already possess medical coverage through either Medicare or private insurance. Residents who exhaust their coverage, or otherwise are unable to pay, are provided funding through a benevolent fund that Applicant maintains for the benefit of their residents. A copy of Sedgebrook's financial policy is included in this attachment.

Section 10. FINANCIAL INABILITY TO PAY

It is the policy of SEDGEBROOK not to terminate a Resident's occupancy for the Resident's financial inability to pay provided that the Resident is otherwise in compliance with the terms of such Resident's Residence and Care Agreement. To the extent that it is financially feasible, SEDGEBROOK will assist residents who are unable to pay full Monthly Service Packages by providing financial assistance as described in this Section 10.

To insure that its charitable intentions are equitably allocated for the benefit of as many Residents as possible, SEDGEBROOK requires that, in the event that Resident claims to be unable to make full monthly payment by reason of financial inability, Resident must take any or all of the following actions, as directed by the Executive Director. SEDGEBROOK has the right, but not the obligation, to initiate financial assistance if SEDGEBROOK independently determines that Resident needs financial assistance.

10.1 If the Resident's sources of funds, including expenditures of principal and the guaranty, if any, are inadequate for the Resident to make the payments required under this Agreement, Resident shall file with the Executive Director, on appropriate forms provided by the Executive Director, a Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, Resident shall disclose his or her remaining available assets and income. The Executive Director will review the Resident's financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for Resident's care.

10.2 If Resident has outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for Resident to spend the outside assets and to obtain assistance from other available means. If Resident can qualify, Resident will take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, public assistance and any other public benefit program. Resident agrees to execute any and all documents necessary to make and perfect such claims or rights. If Resident fails to cooperate with the Spending Plan for the outside assets, SEDGEBROOK may terminate the Agreement for good cause.

10.3 After Resident has completed the Spending Plan or if the Resident has no available assets other than the Entrance Deposit, SEDGEBROOK will spend-down the Entrance Deposit. After depletion of outside assets, the Entrance Deposit is considered available to the Resident for the Resident's maintenance and support. The Resident may access funds from the Entrance Deposit, without moving from the Community, to pay any and all fees at the Community including Nursing Fees or to pay another provider for support and maintenance if Resident's income and other resources are insufficient to pay for support and maintenance. The Executive Director will notify Resident when spend-down of Resident's Entrance Deposit is available and will give the effective date. Resident will receive periodic statements reflecting the remaining balance of the Entrance Deposit.

10.4 Upon completion of the spend-down of the Entrance Deposit, Resident may qualify for assistance from the resident benevolent care fund established by SEDGEBROOK if it is financially feasible. If Resident is approved for such assistance, the Executive Director shall inform Resident of the amount which the resident benevolent care fund will contribute to the Monthly Service Packages and the amount which Resident must contribute to the Monthly Service Package.

10.5 If requested by SEDGEBROOK, Resident will transfer to an alternate Living Unit at the Community if and when available.

10.6 Resident will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by SEDGEBROOK. Resident will notify SEDGEBROOK of any and all assets acquired by Resident through any means whatsoever thereafter, and will assign or pay such property received to SEDGEBROOK, in an amount equivalent to the total outstanding charges and Fees, owed by Resident.

10.7 When Resident is notified by the Executive Director before the projected depletion of Resident's Entrance Deposit, Resident agrees to immediately apply for Medical Assistance, if available. Resident agrees to execute any and all documents necessary to make and perfect such claims or rights.

APPENDIX A
PATIENT REFERRAL LETTERS

Highland Park Hospital

Jesse Peterson Hall, FACHE
President

777 Park Avenue West
Highland Park, IL 60035
www.northshore.org

(847) 480-2818
(847) 432-9305 Fax
jhall@northshore.org

January 31, 2011

Re: Referrals to the Health Center at Sedgebrook

To Whom It May Concern:

NorthShore University Health System Highland Park Hospital intends to utilize the Health Center at Sedgebrook, a long term care community. We understand that they are applying for a Certificate of Need application to open its 88 skilled beds to the general public.

We want to encourage the agency to grant this entity their CON, so the residents who live in this community may be served by The Health Center at Sedgebrook.

Sincerely,



Jesse Peterson Hall, FACHE
President

JPH/nll

Best Practices Inpatient Care Ltd.

*3880 Salem Lake Drive
Long Grove, Illinois 60047*

January 28, 2011

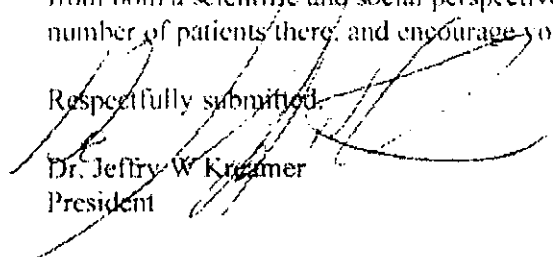
Re: Referrals to the Health Center at Sedgebrook

To Whom It May Concern:

Best Practices intends to utilize the Health Center at Sedgebrook, a long term care community.

We have worked with Sedgebrook in the past, and know that they provide excellent care from both a scientific and social perspective. We anticipate referring a significant number of patients there, and encourage you to grant their CON petition.

Respectfully submitted,


Dr. Jeffrey W. Kramer
President

January 26, 2011

Re: Referrals to the Health Center at Sedgebrook

To Whom It May Concern:

Dr. David Belgler, Section Head, Orthopaedic Trauma, Northshore University HealthSystem, intends to utilize the Health Center at Sedgebrook, a long term care community. We understand that they are applying for a Certificate of Need application to open its 88 skilled beds to the general public.

Because Sedgebrook is known for quality care, good service and excellent facilities for their residents, we anticipate referring numerous patients to their community. The North Shore area needs a quality facility in which we can refer our patients and be assured they are receiving the best possible care every day.

We want to encourage the agency to grant this entity their CON, so the residents who live in this community may be served by The Health Center at Sedgebrook.

Respectfully,

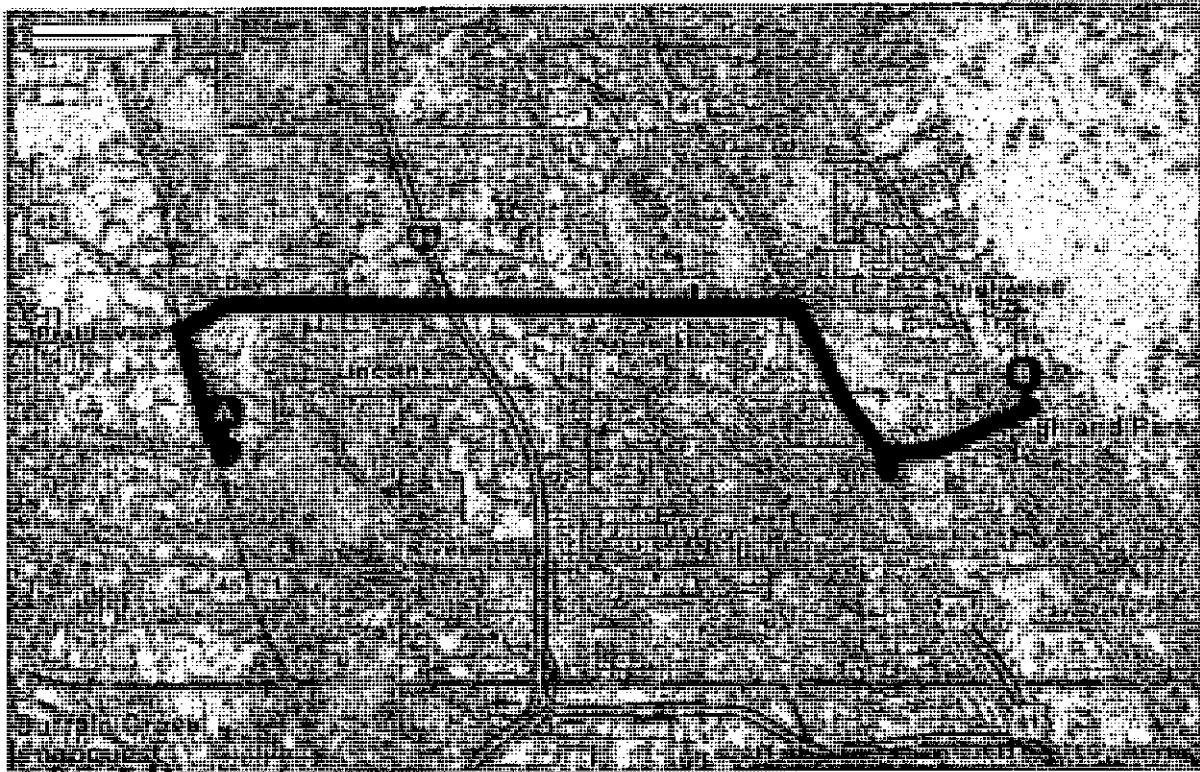


APPENDIX B
MAPQUEST MAPS OF FACILITIES



Trip to:
405 Central Ave
Highland Park, IL 60035-2622
9.75 miles
20 minutes

Notes



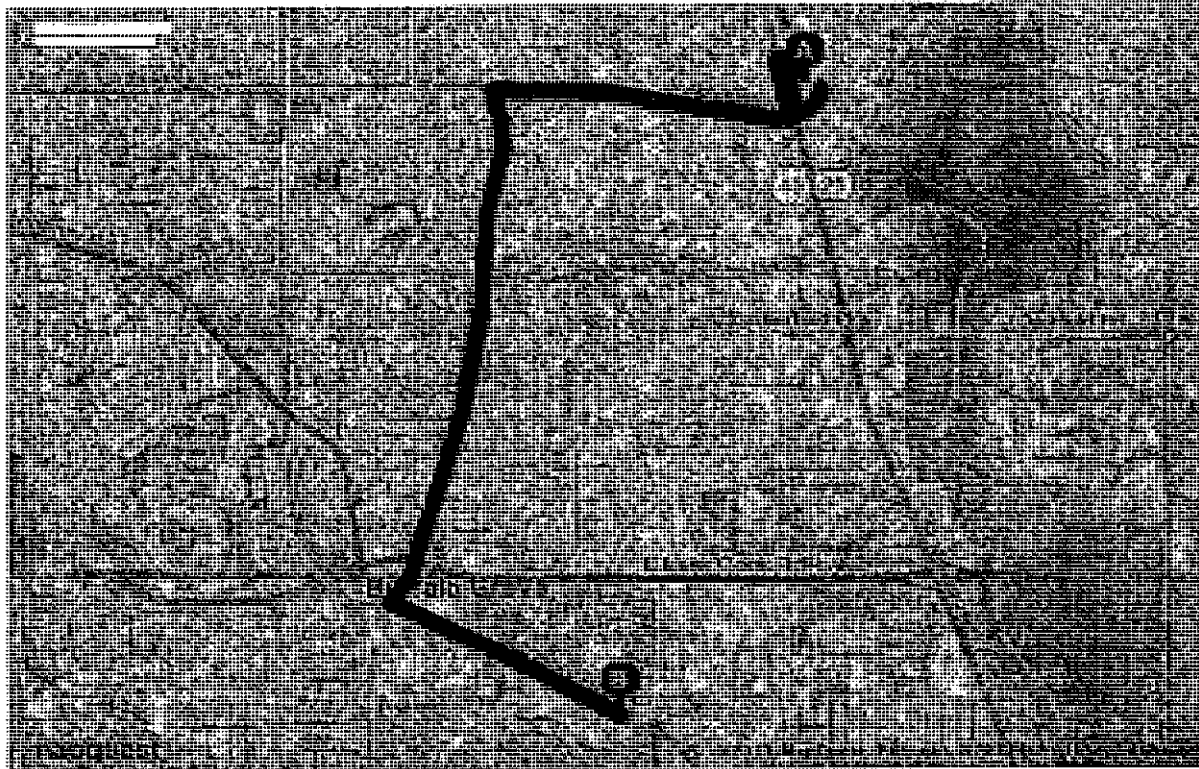
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Trip to:
555 McHenry Rd
Wheeling, IL 60090-3856
5.09 miles
11 minutes

Notes



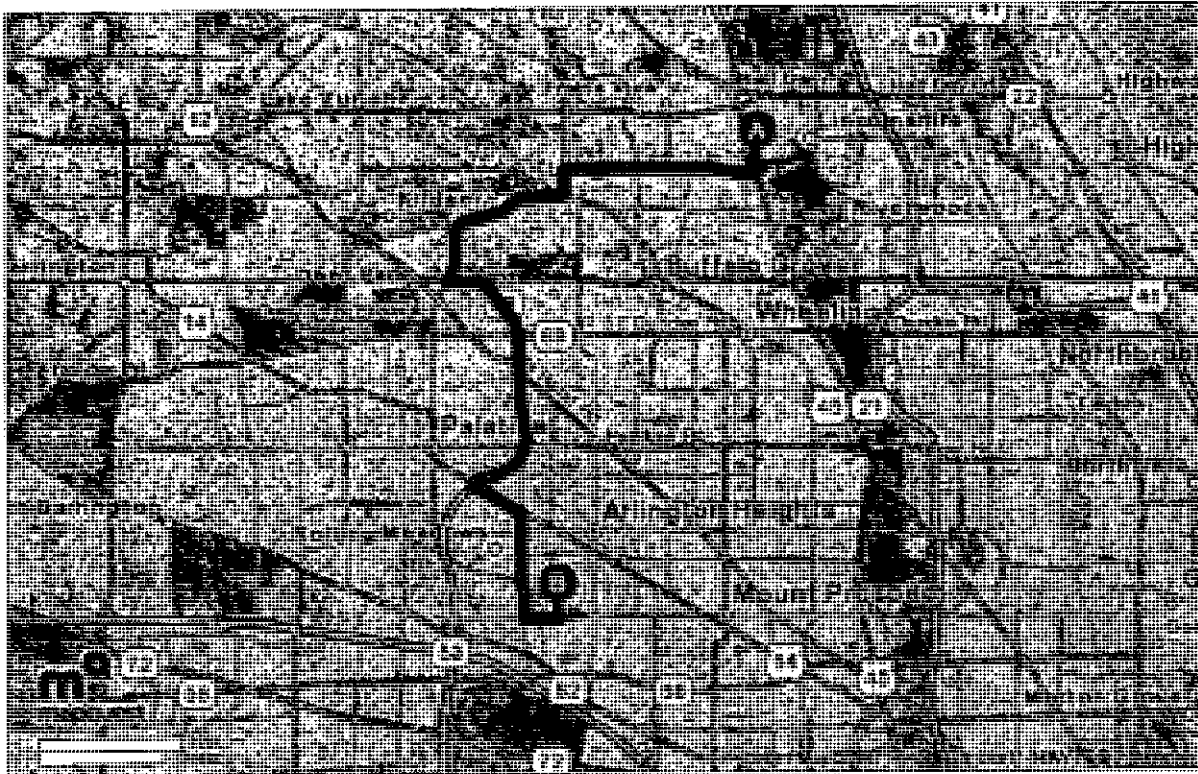
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Trip to:
715 W Central Rd
Arlington Heights, IL 60005-2348
15.93 miles
28 minutes

Notes



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mapquest m^a

Trip to:
4225 Kirchoff Rd
Rolling Meadows, IL 60008-2005
14.04 miles
22 minutes

Notes



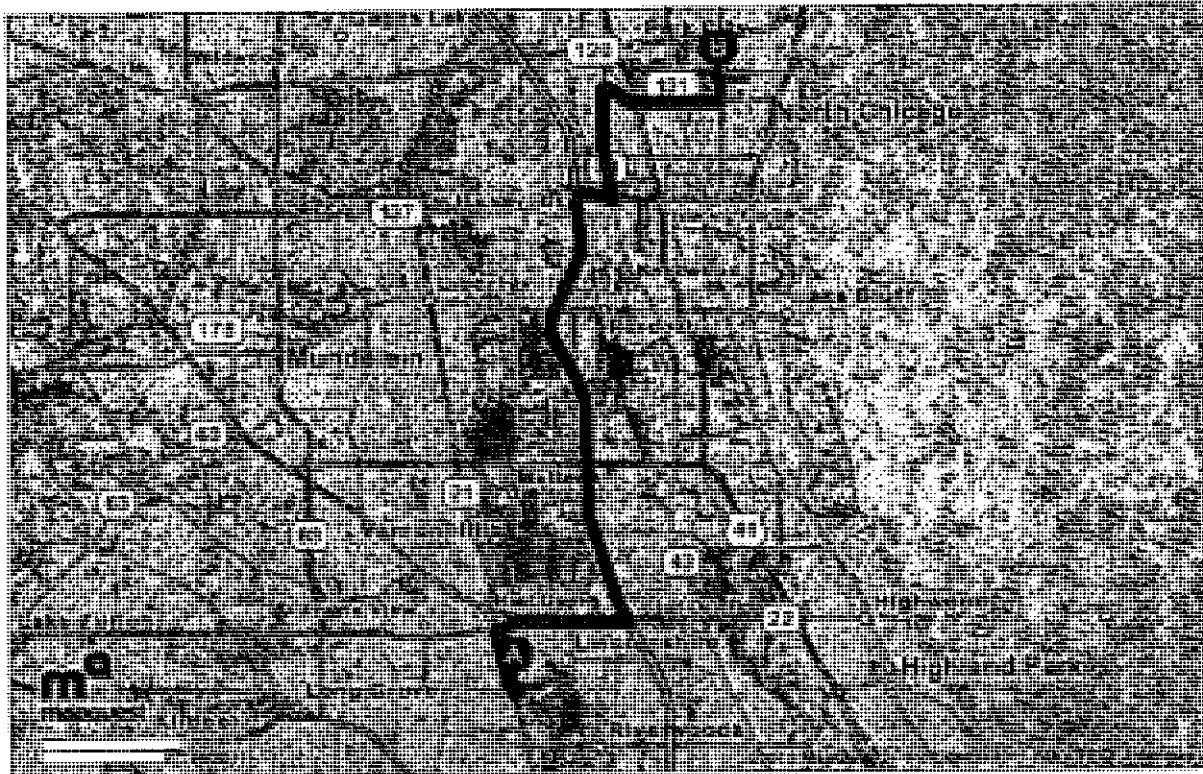
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mapquest m^q

Trip to:
1100 S Lewis Ave
Waukegan, IL 60085-7710
16.84 miles
28 minutes

Notes



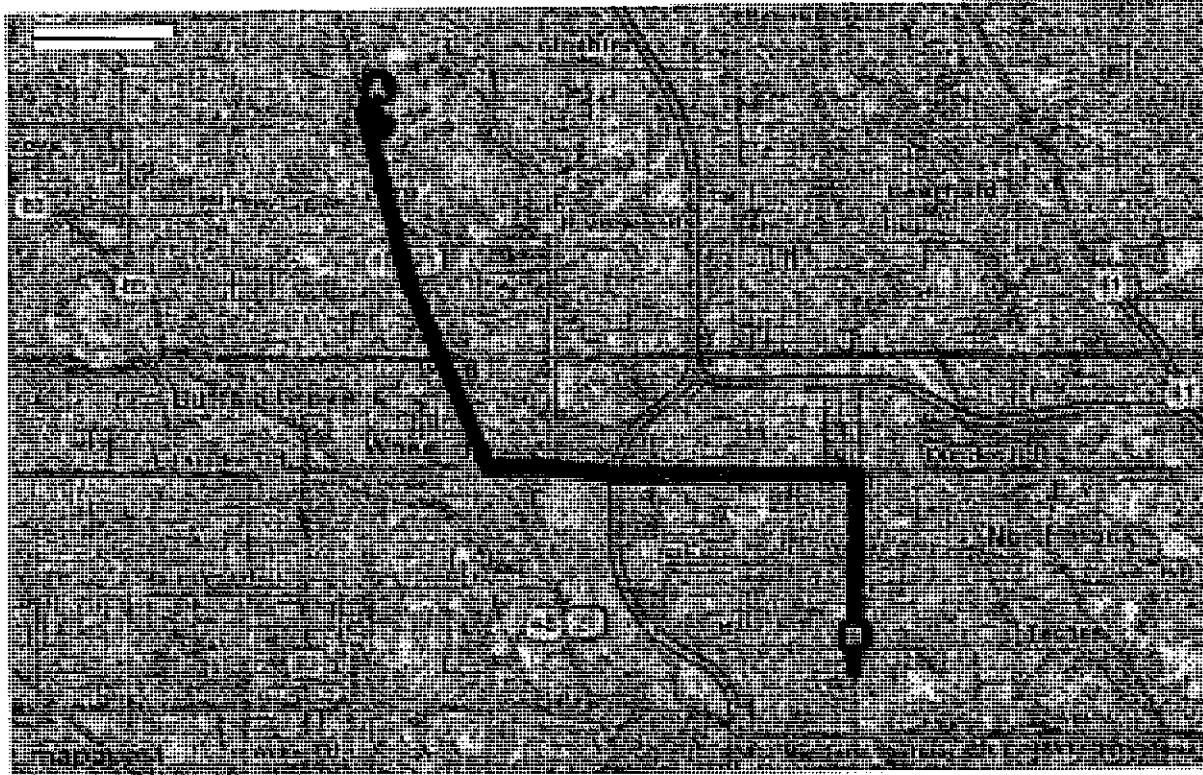
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Trip to:
2155 Pfingsten Rd
Northbrook, IL 60062-6427
8.41 miles
17 minutes

Notes



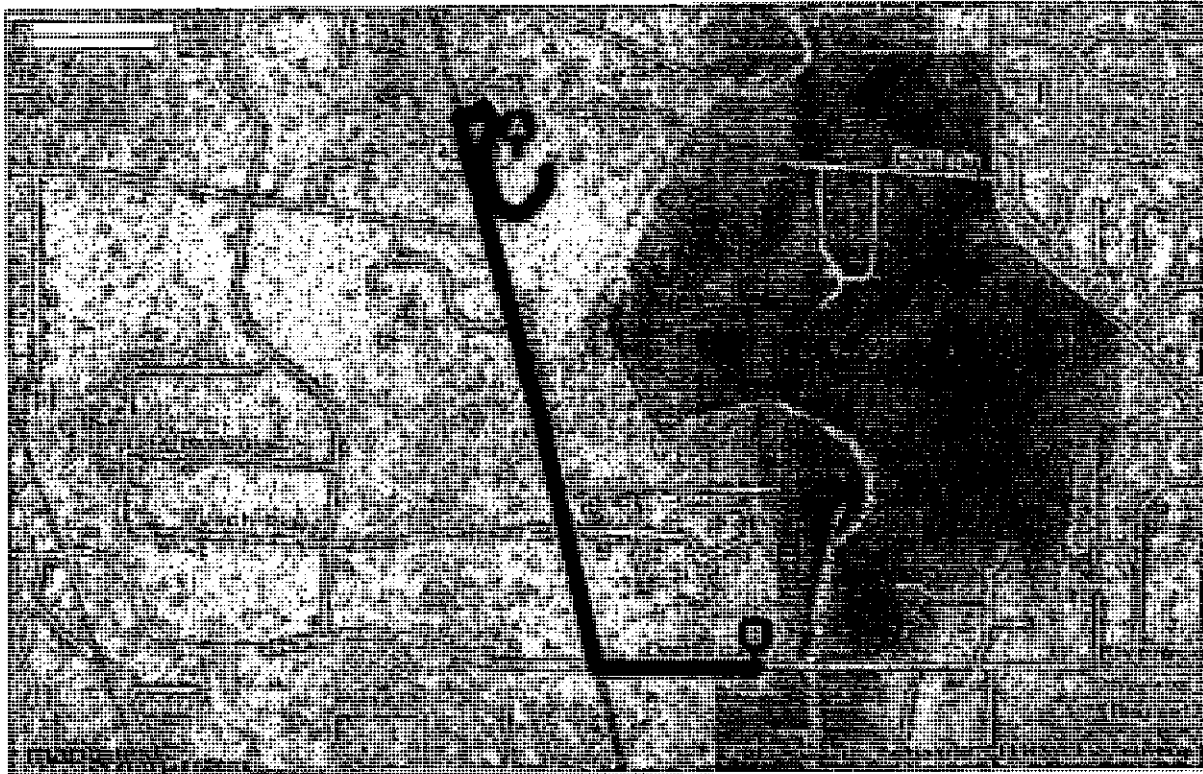
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mapquest m^q

Trip to:
3705 Deerfield Rd
Riverwoods, IL 60015-3540
1.91 miles
4 minutes

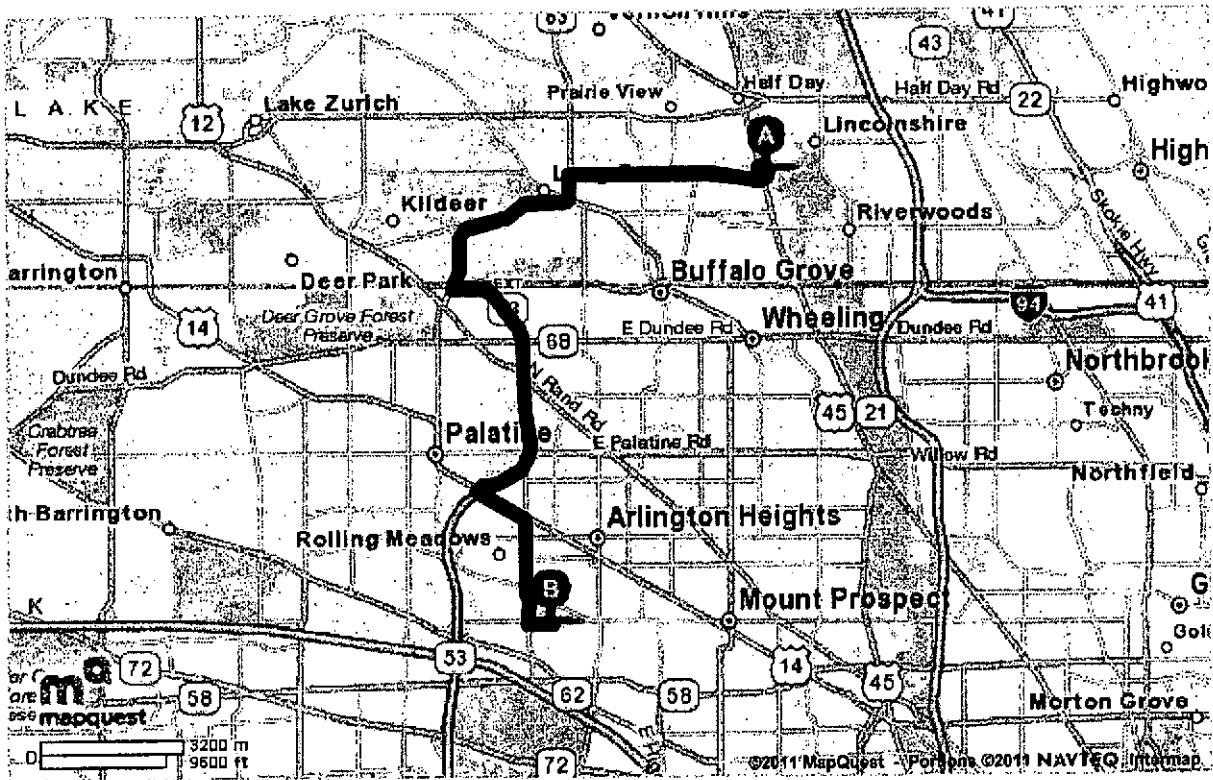
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Trip to:
1200 W Central Rd
Arlington Heights, IL 60005-2403
15.76 miles
27 minutes



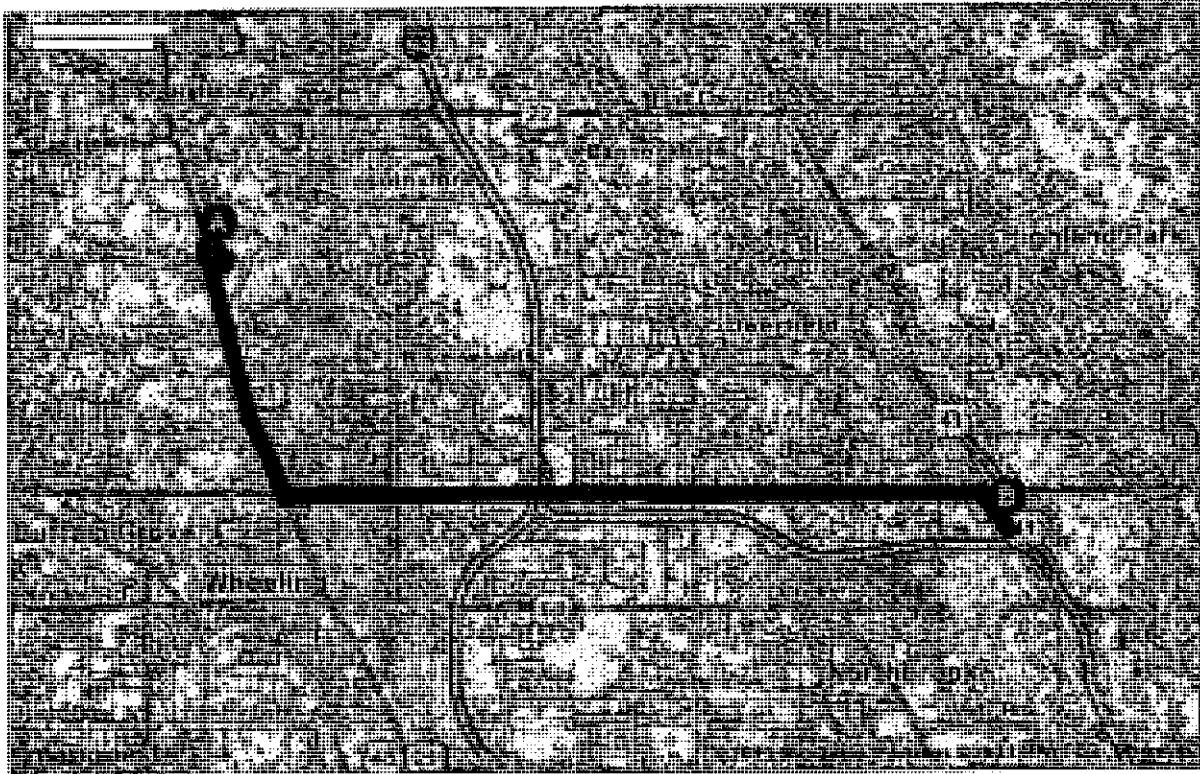
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Trip to:
263 Skokie Blvd
Northbrook, IL 60062-1611
8.90 miles
17 minutes

Notes



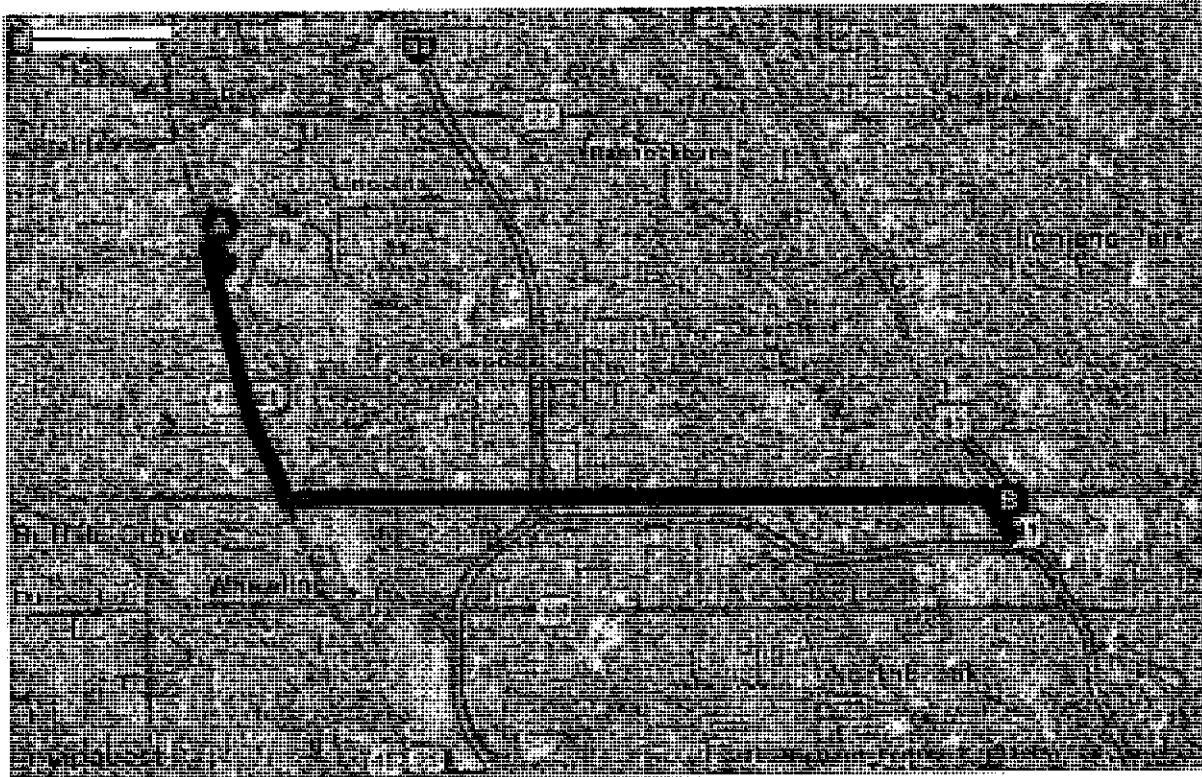
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Trip to:
270 Skokie Blvd
Northbrook, IL 60062-1612
8.91 miles
17 minutes

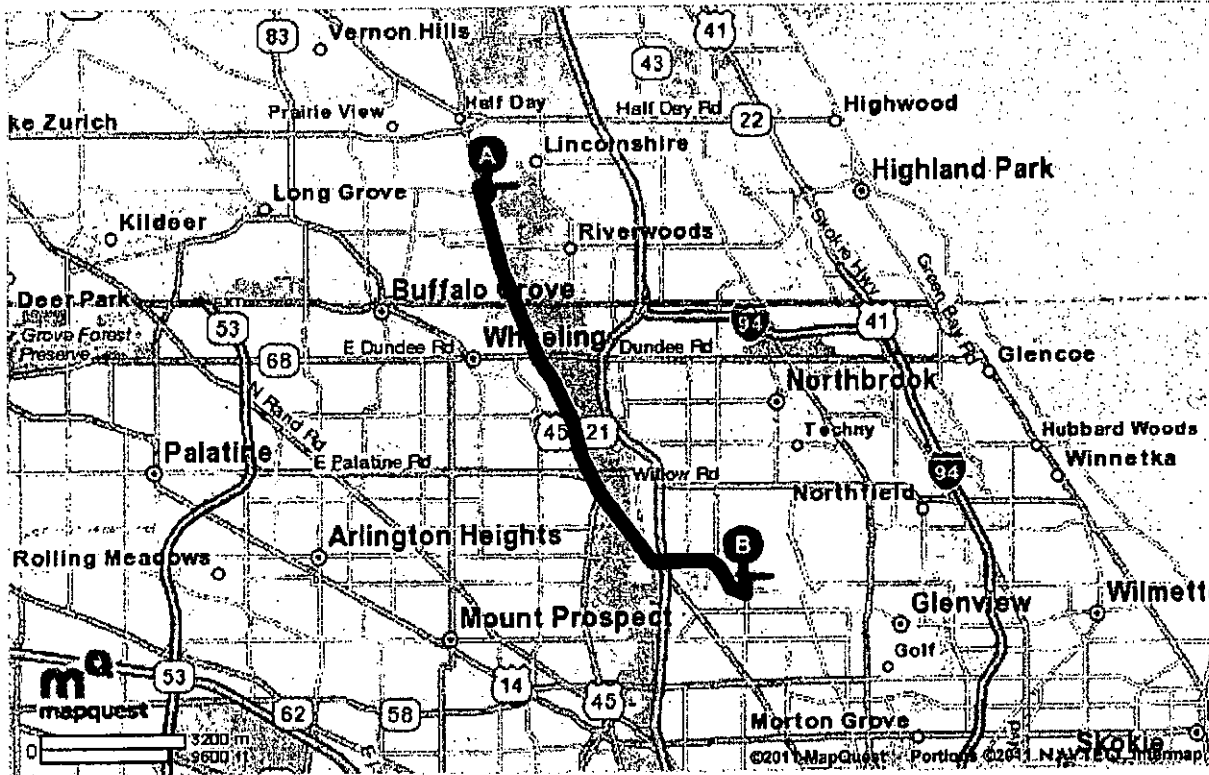
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Trip to:
1511 Greenwood Rd
Glenview, IL 60026-1513
10.00 miles
21 minutes



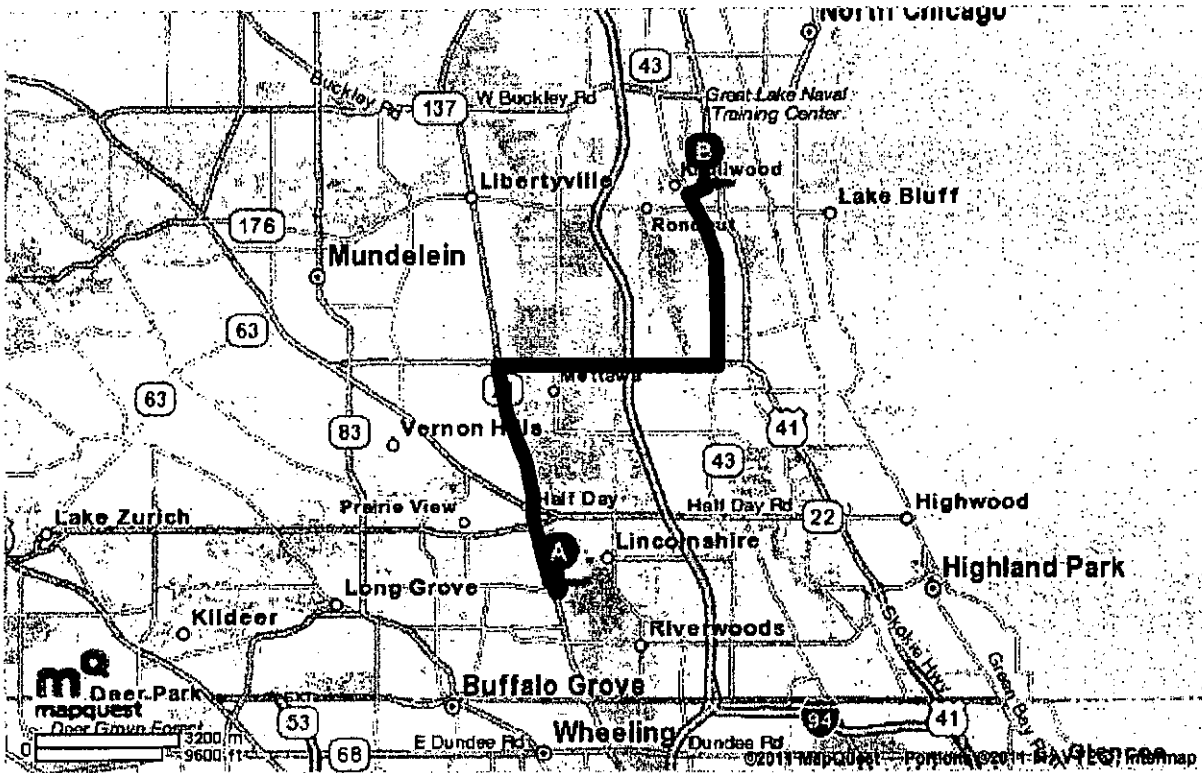
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mapquest m^a

Notes

Trip to:
700 Jenkisson Ave
Lake Bluff, IL 60044-1618
11.77 miles
19 minutes



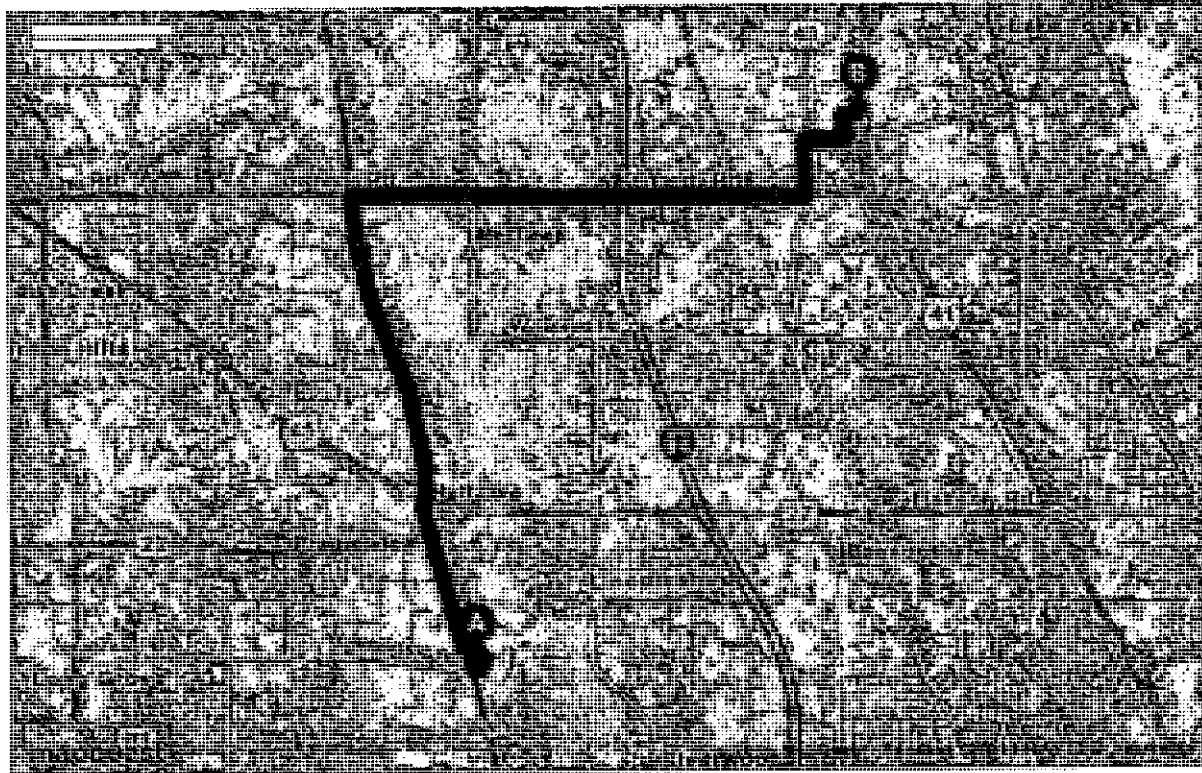
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Trip to:
660 N Westmoreland Rd
Lake Forest, IL 60045-1659
9.40 miles
16 minutes

Notes

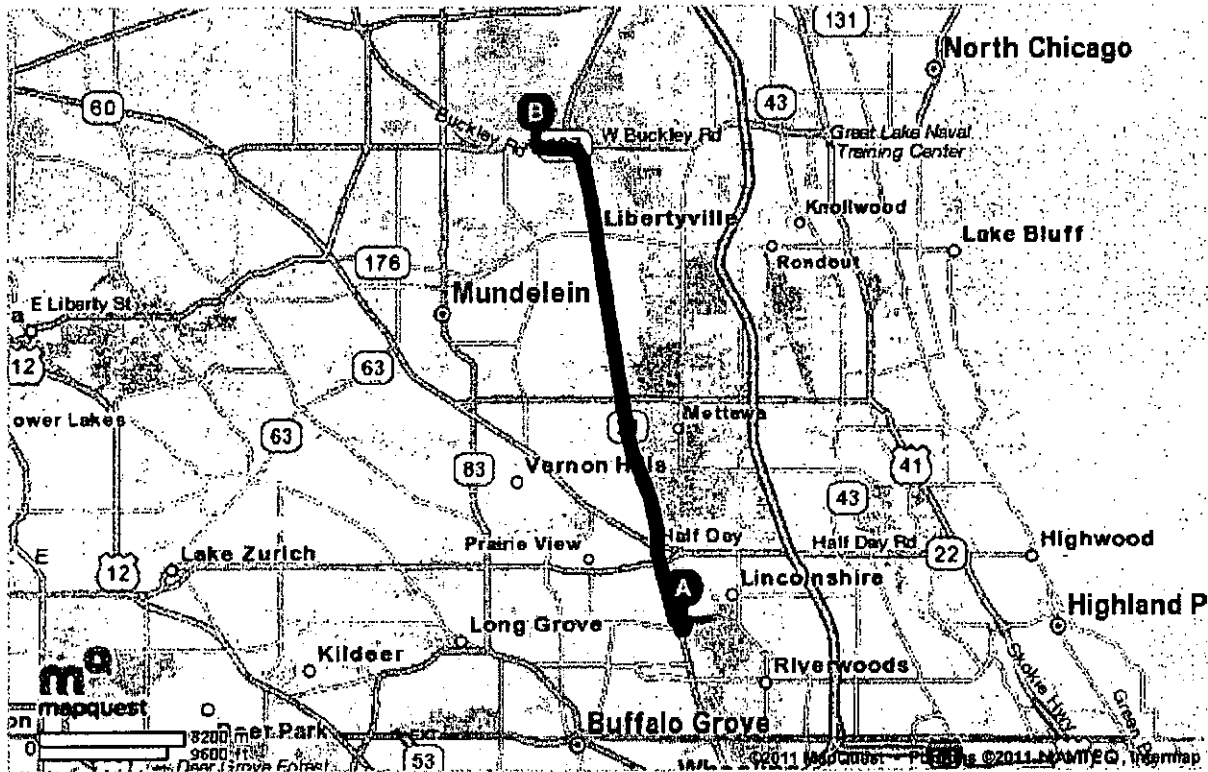


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Trip to:
HWY. #137
610 Peterson Rd
Libertyville, IL 60048-1014
9.73 miles
20 minutes

Notes



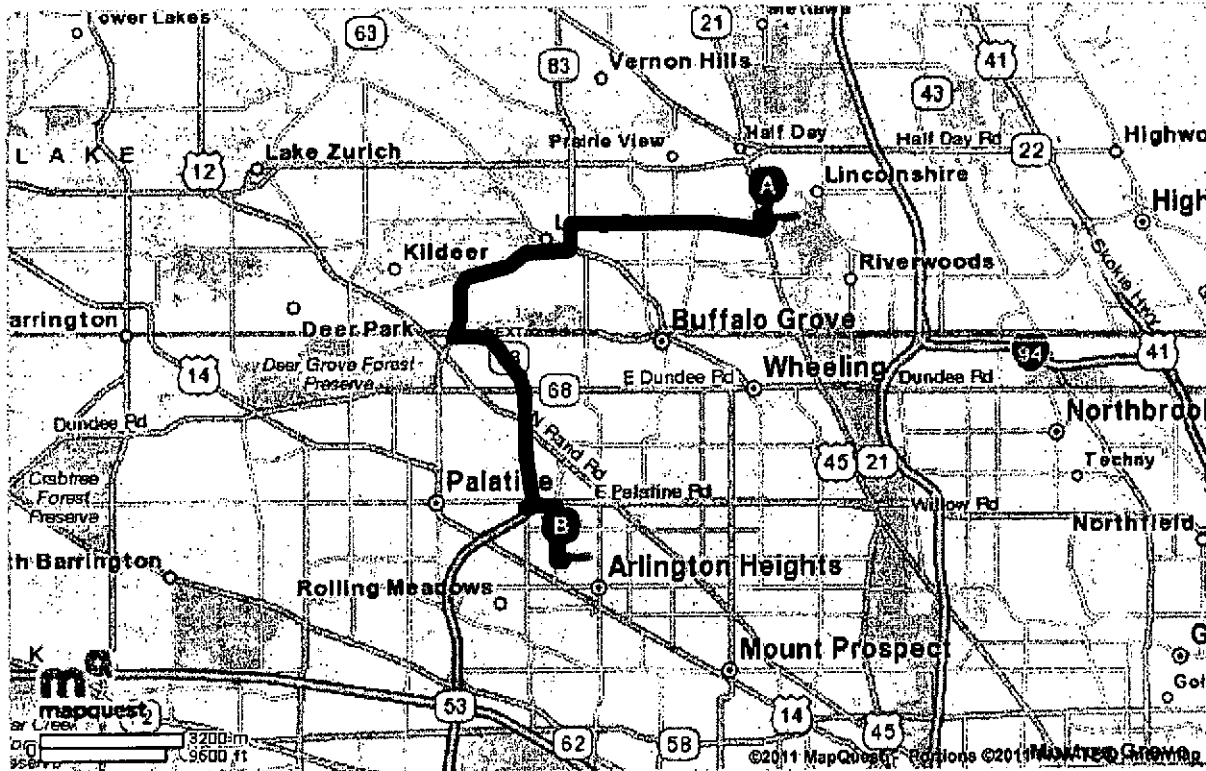
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mapquest m^q

Notes

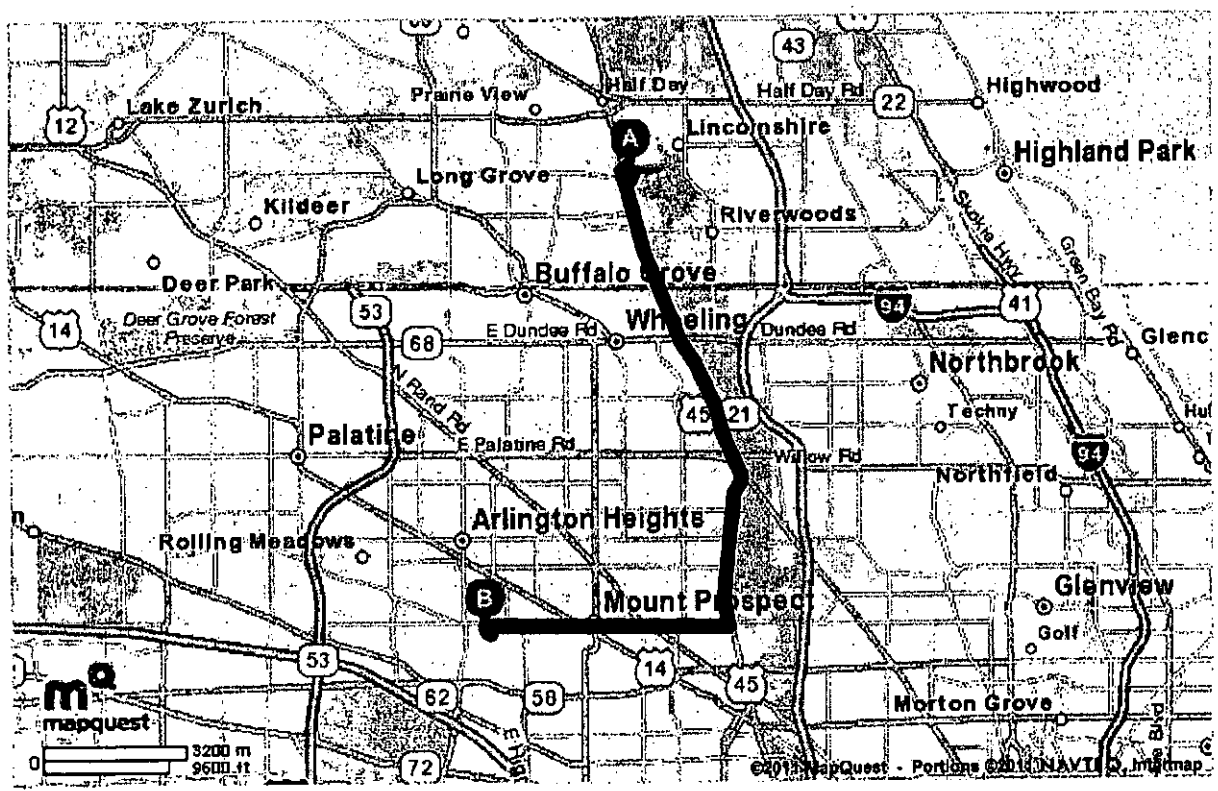
Trip to:
800 W Oakton St
Arlington Heights, IL 60004-4602
13.13 miles
22 minutes



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Trip to:
761 E Old Barn Ln
Arlington Heights, IL 60005-3272
13.33 miles
29 minutes



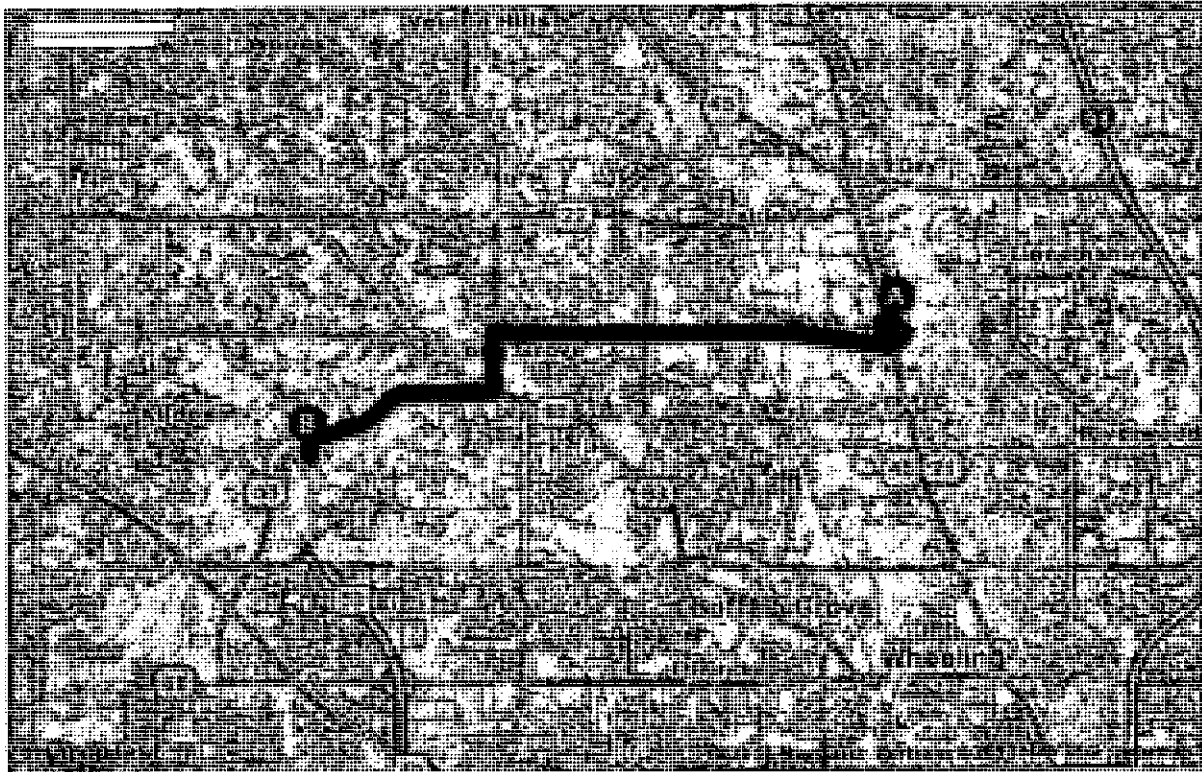
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Trip to:
2308 Old Hicks Rd
Long Grove, IL 60047-5024
6.24 miles
11 minutes

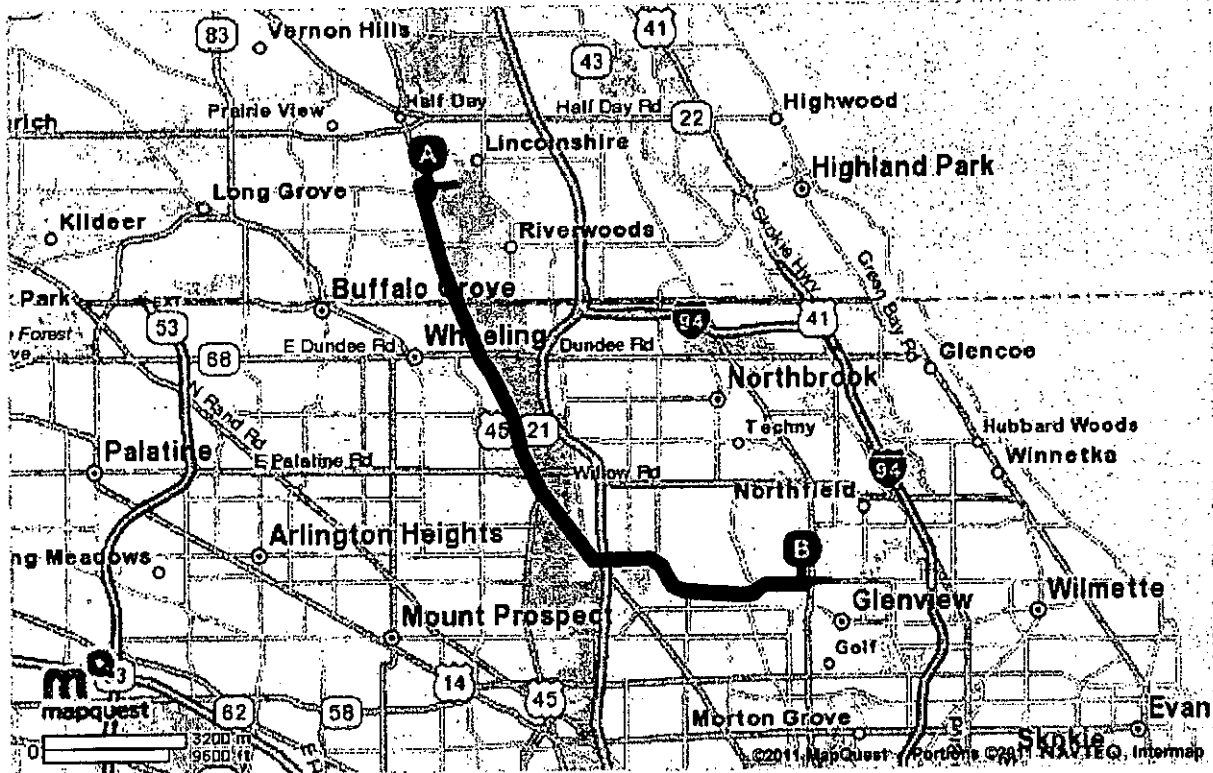
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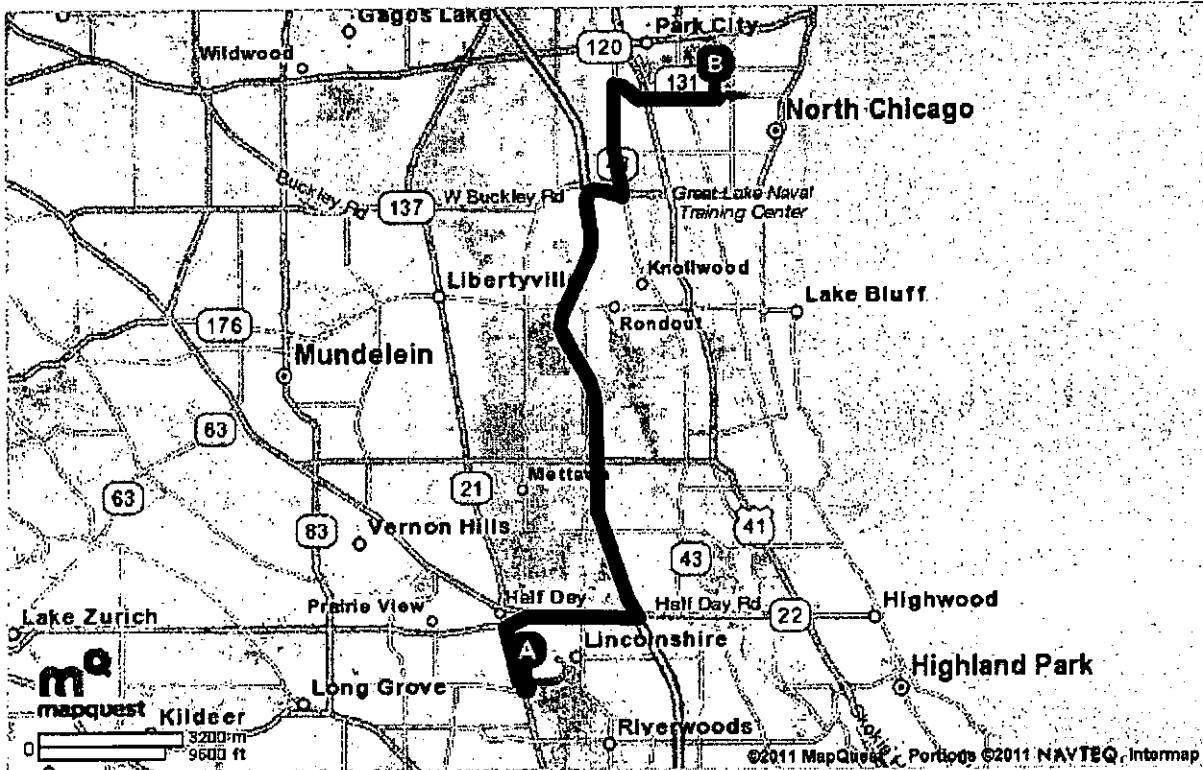
Trip to:
1700 E Lake Ave
Glenview, IL 60025-2003
11.84 miles
24 minutes



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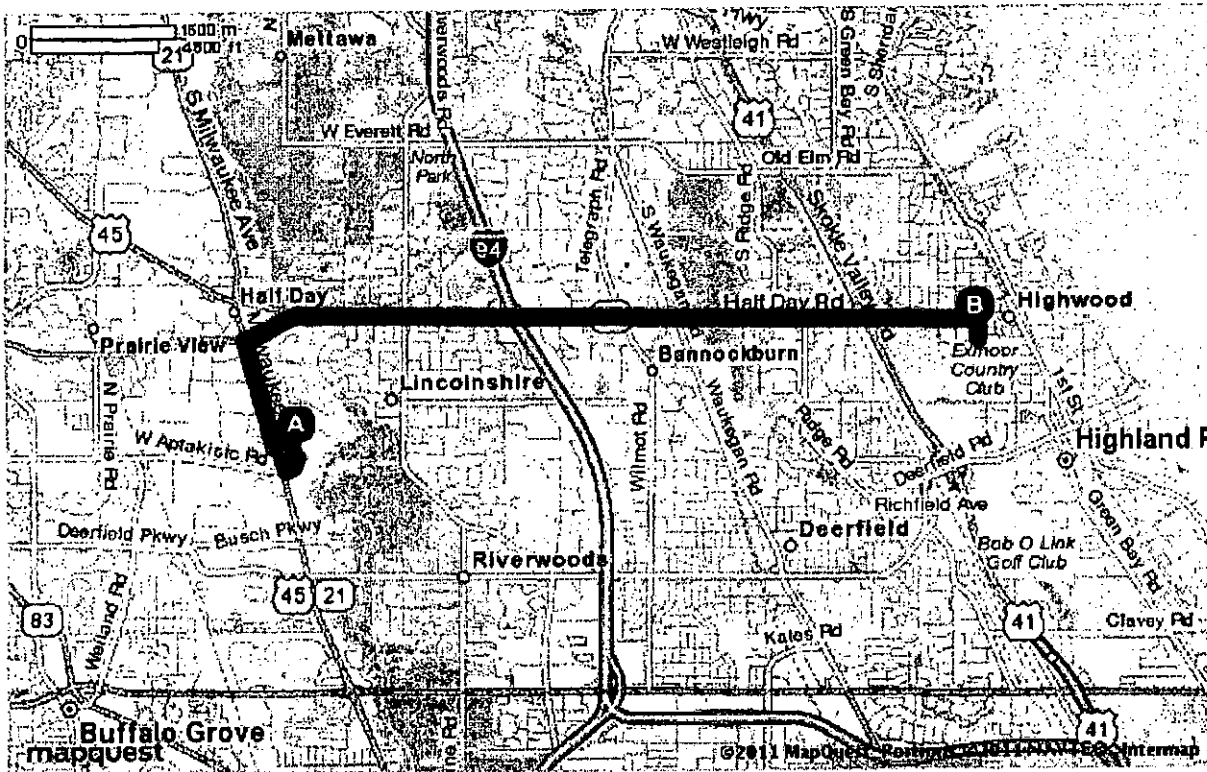
Trip to:
2222 14th St
Waukegan, IL 60085-7708
16.30 miles
26 minutes



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Trip to:
50 Pleasant Ave
Highwood, IL 60040-1813
7.68 miles
17 minutes



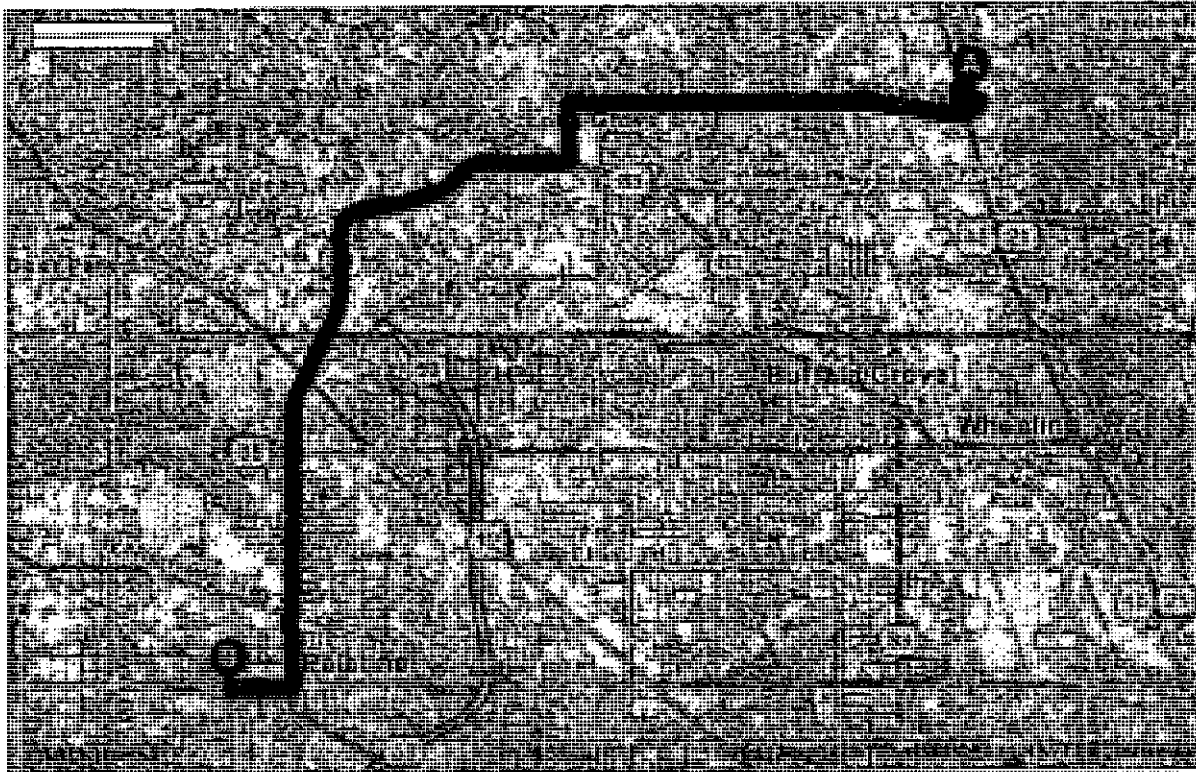
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Trip to:
24 S Plum Grove Rd
Palatine, IL 60067-6243
11.11 miles
21 minutes

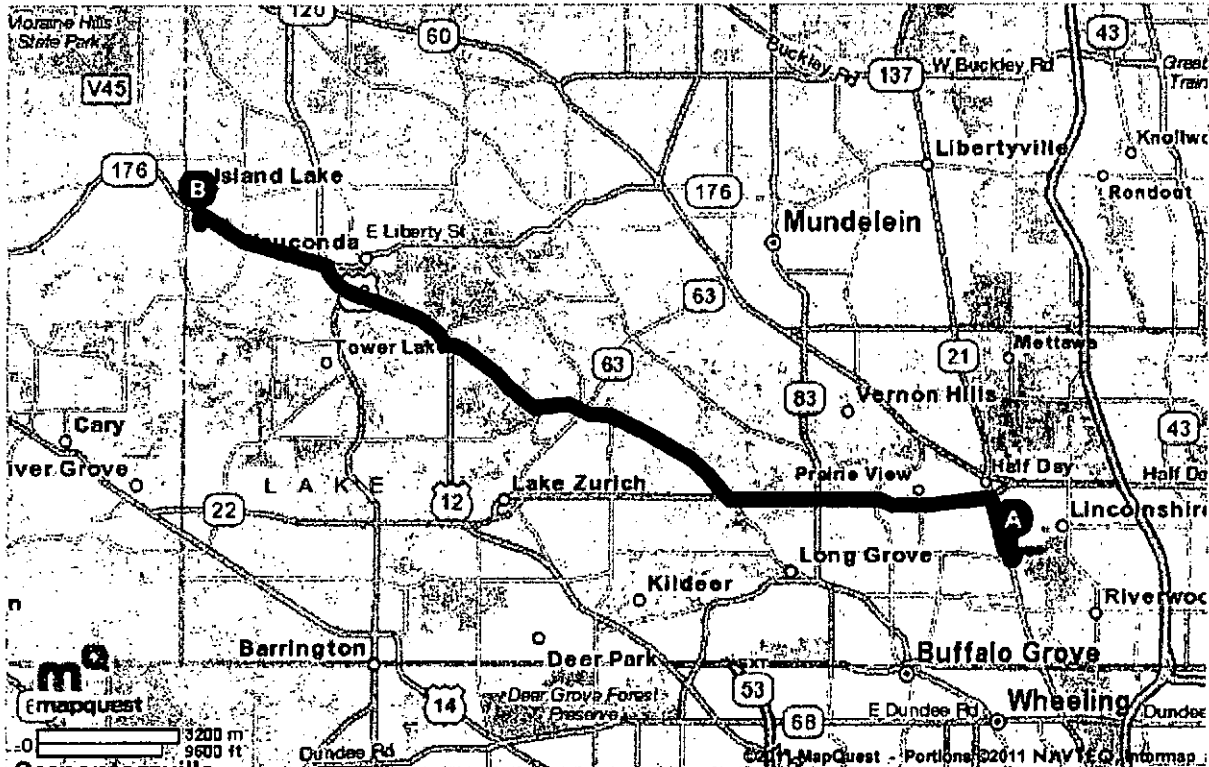
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Trip to:
Sheltering Oak Inc
27888 N Beech St
Island Lake, IL 60042
(847) 526-3636
16.82 miles
28 minutes



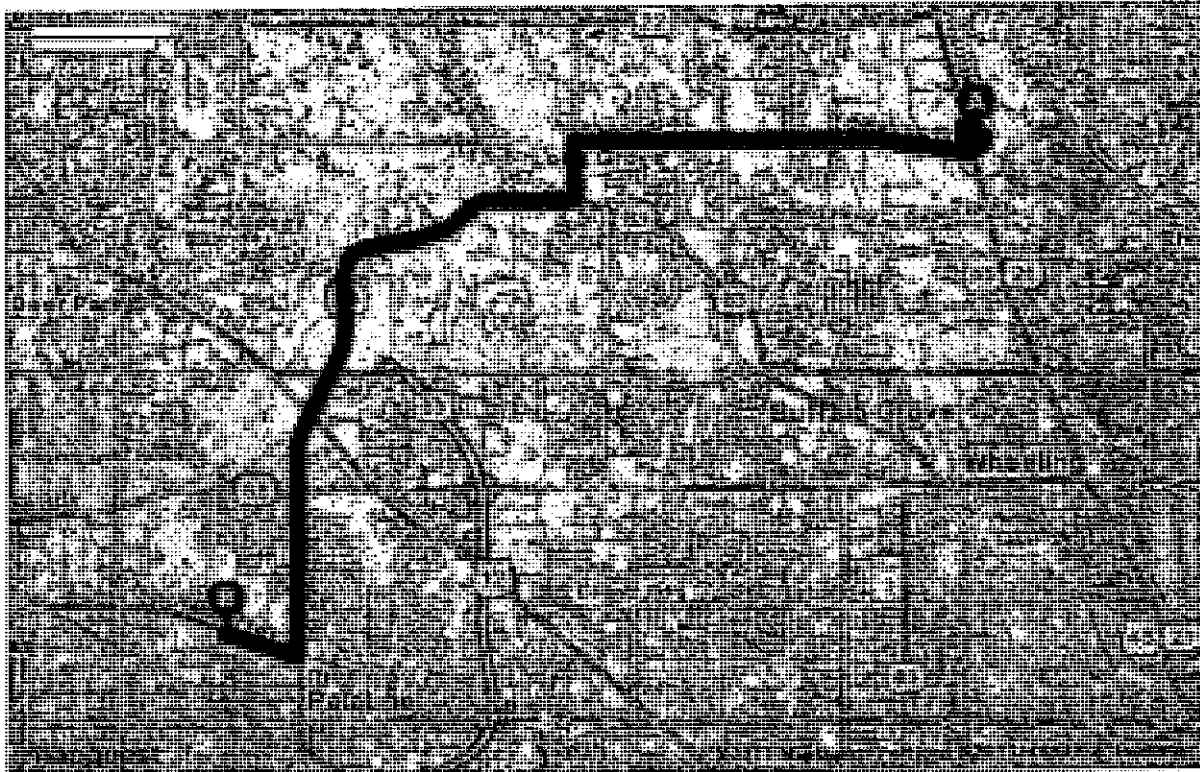
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Trip to:
80 W Northwest Hwy
Palatine, IL 60067-3582
10.60 miles
19 minutes

Notes



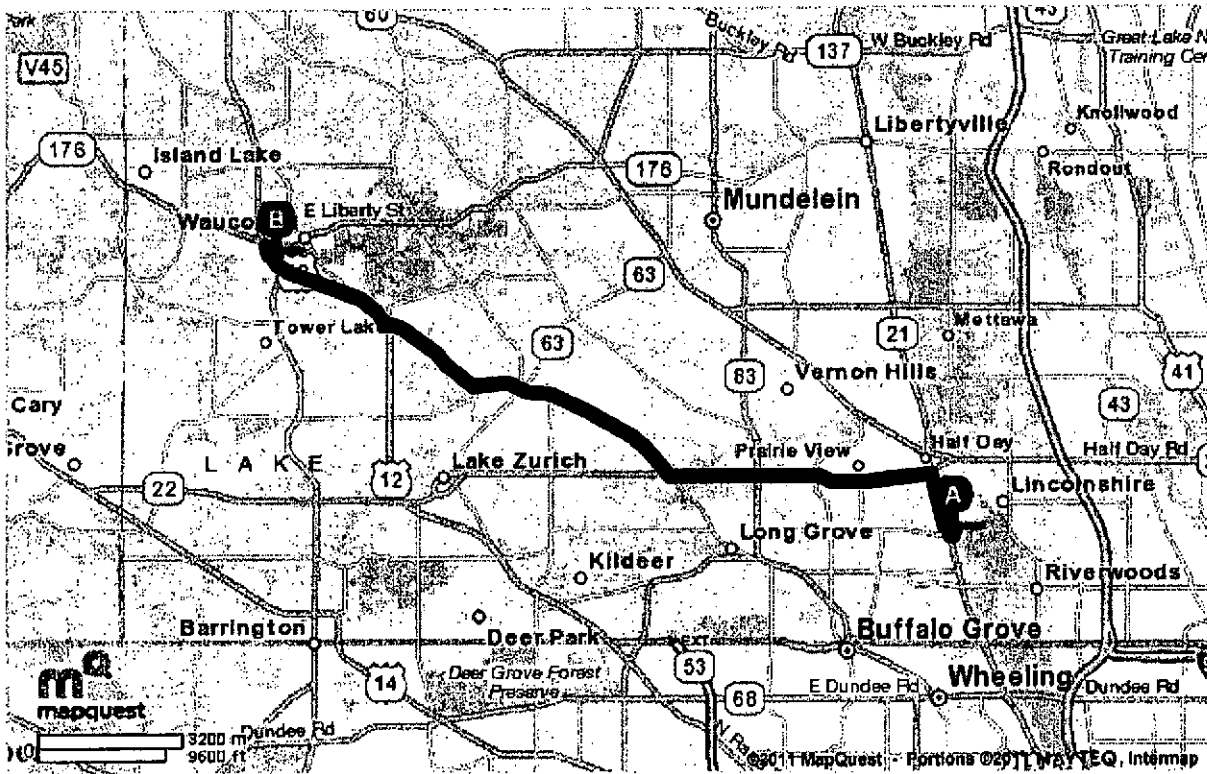
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mapquest m^q

Notes

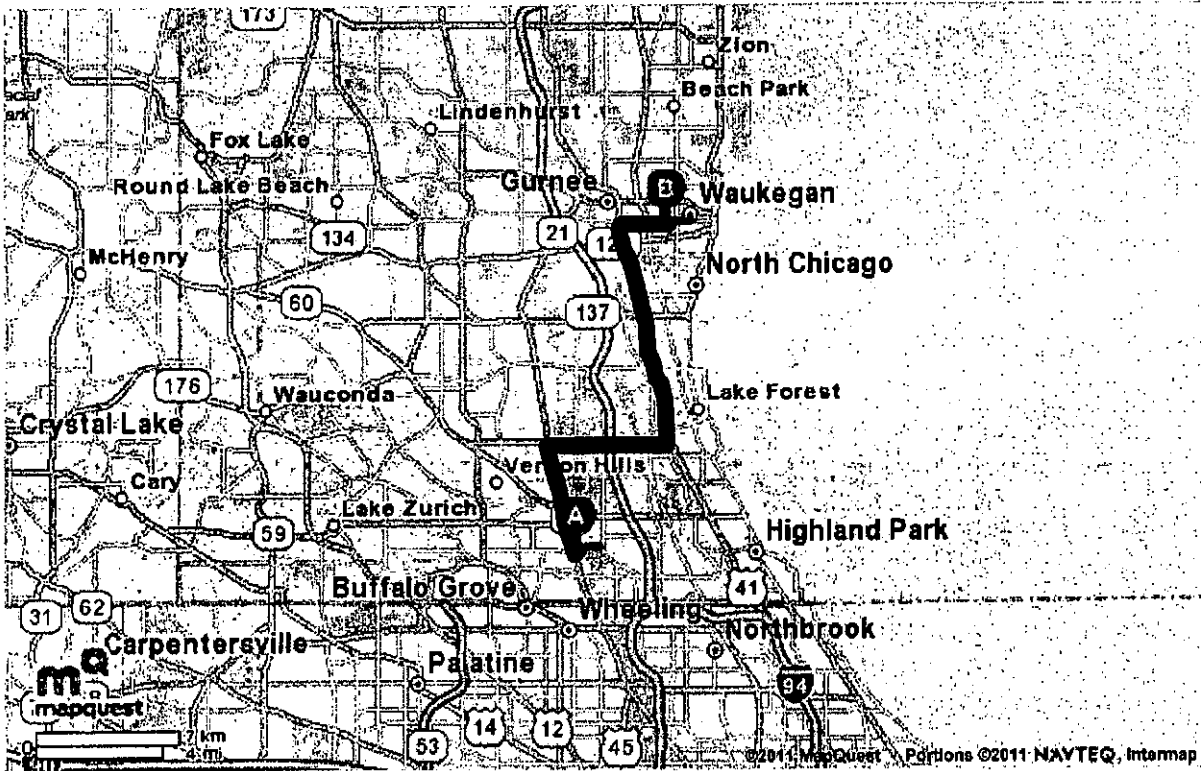
Trip to:
176 Thomas Ct
Wauconda, IL 60084-2451
14.66 miles
25 minutes



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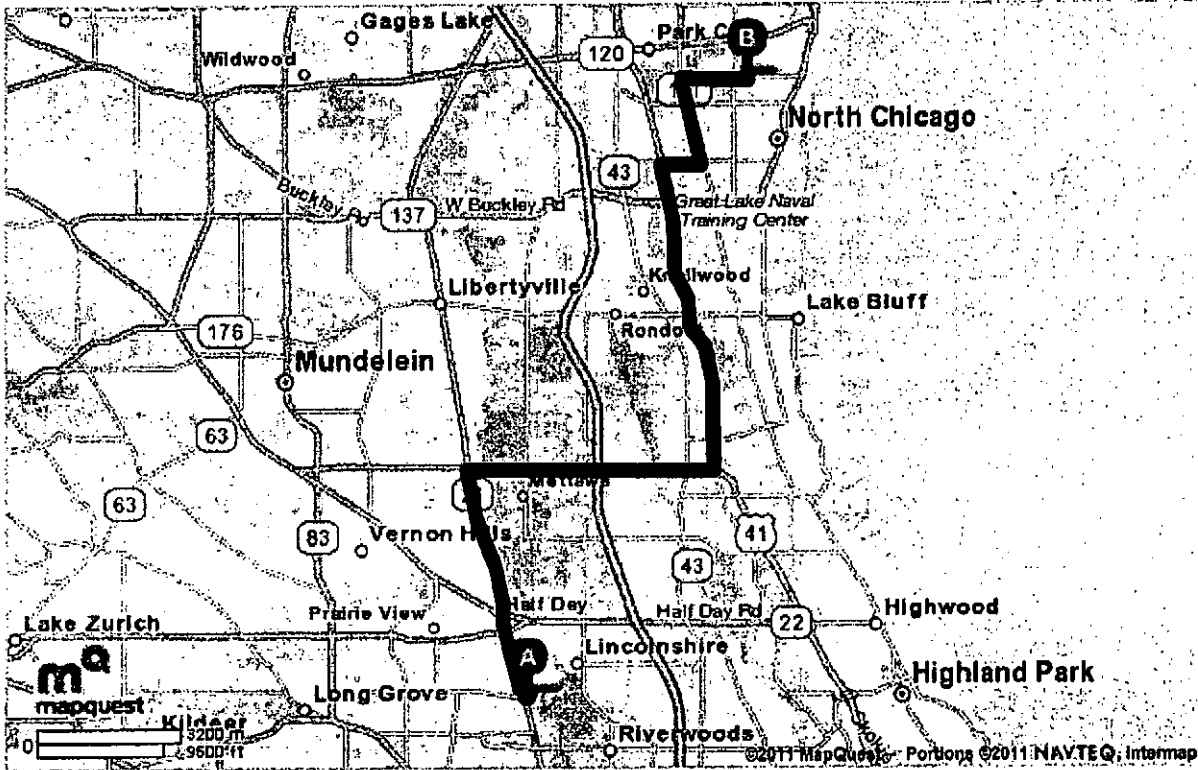
Trip to:
2217 Washington St
Waukegan, IL 60085-5060
18.97 miles
29 minutes



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Trip to:
919 Washington Park
Waukegan, IL 60085-7258
17.91 miles
28 minutes



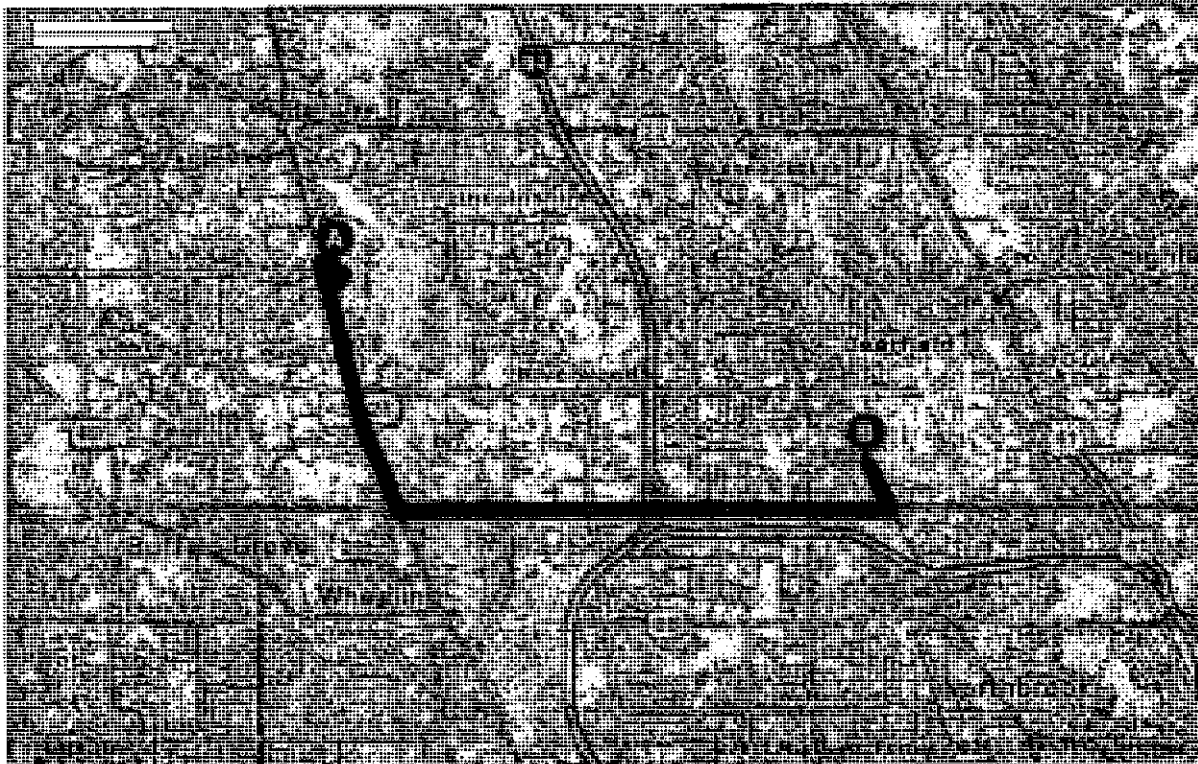
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Trip to:
300 Waukegan Rd
Deerfield, IL 60015-4908
7.22 miles
14 minutes

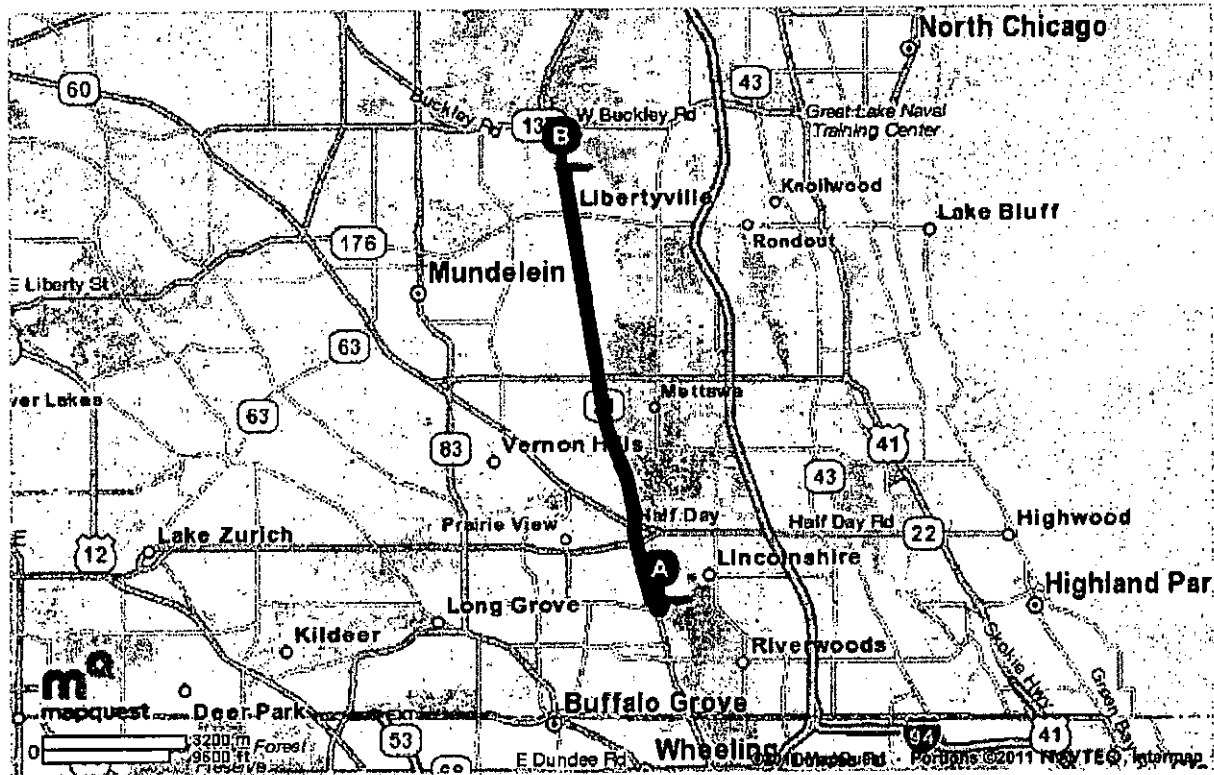
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Trip to:
1125 N Milwaukee Ave
Libertyville, IL 60048-1304
8.29 miles
17 minutes



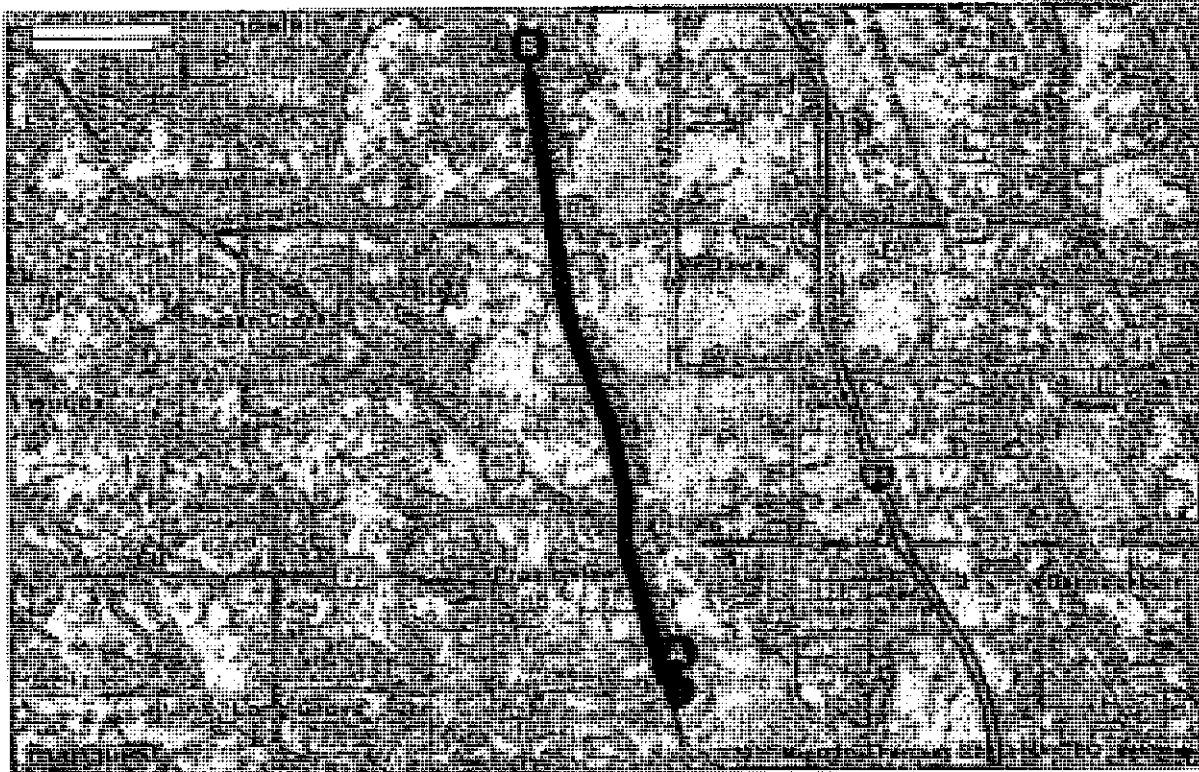
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Trip to:
1500 S Milwaukee Ave
Libertyville, IL 60048-3723
5.73 miles
10 minutes

Notes



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Trip to:
3901 Glenview Rd
Glenview, IL 60025-2467
9.20 miles
19 minutes



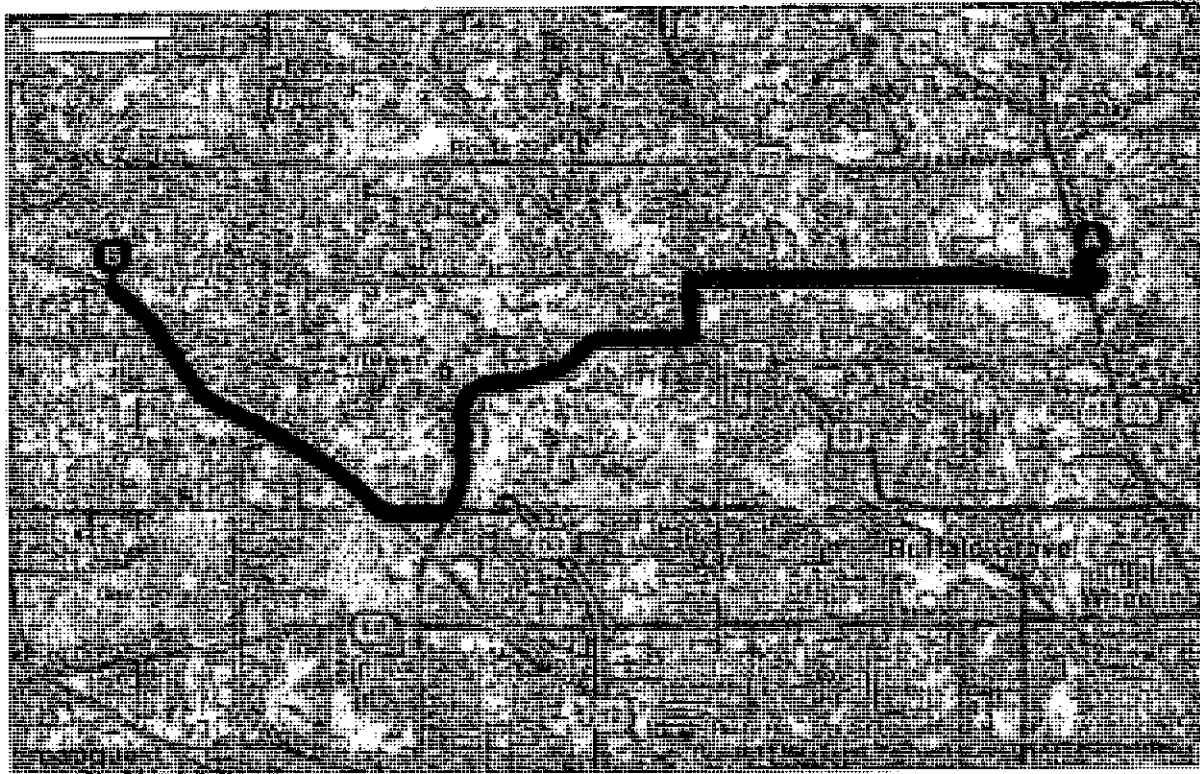
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Trip to:
900 S Rand Rd
Lake Zurich, IL 60047
11.03 miles
18 minutes

Notes



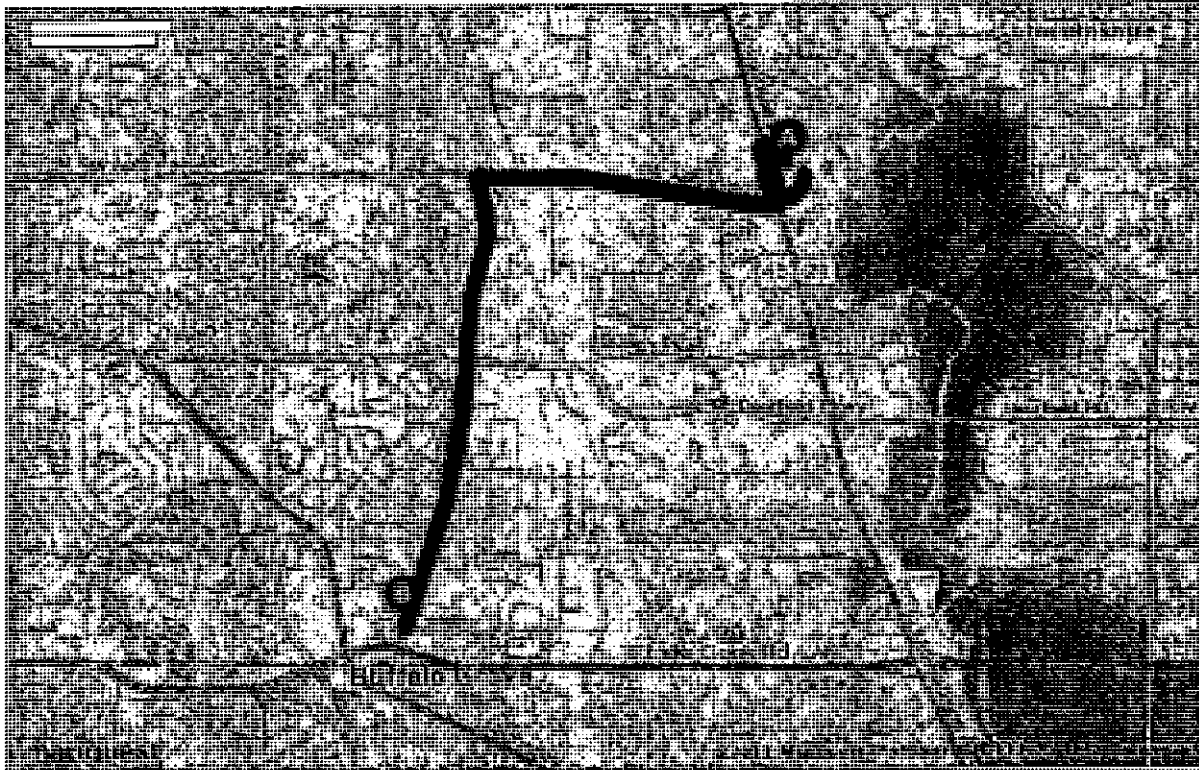
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mapquest m^q

Trip to:
150 Weiland Rd
Buffalo Grove, IL 60089-7047
3.78 miles
8 minutes

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Notes

Trip to:
[200-398] E Euclid Ave
Prospect Heights, IL 60070
9.57 miles
20 minutes



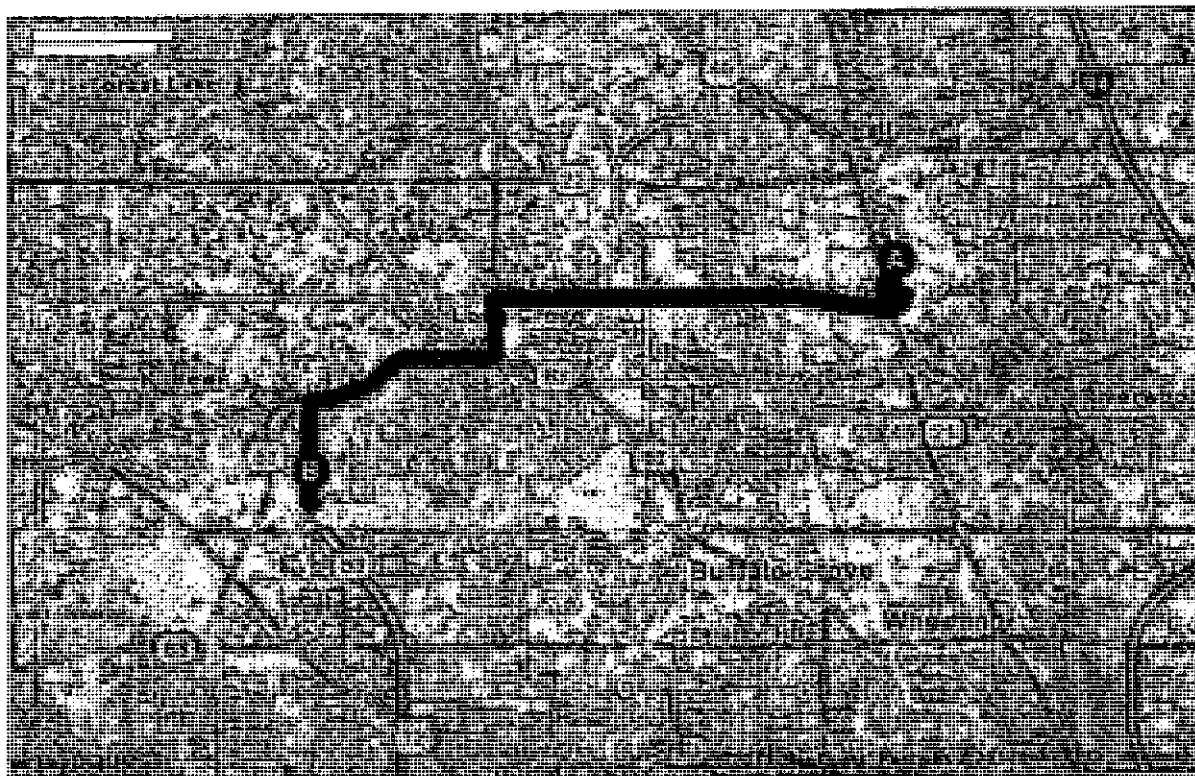
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Trip to:
1666 Checker Rd
Long Grove, IL 60047-5289
6.97 miles
13 minutes

Notes



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Trip to:
730 W Hintz Rd
Wheeling, IL 60090-5501
6.35 miles
15 minutes

Notes



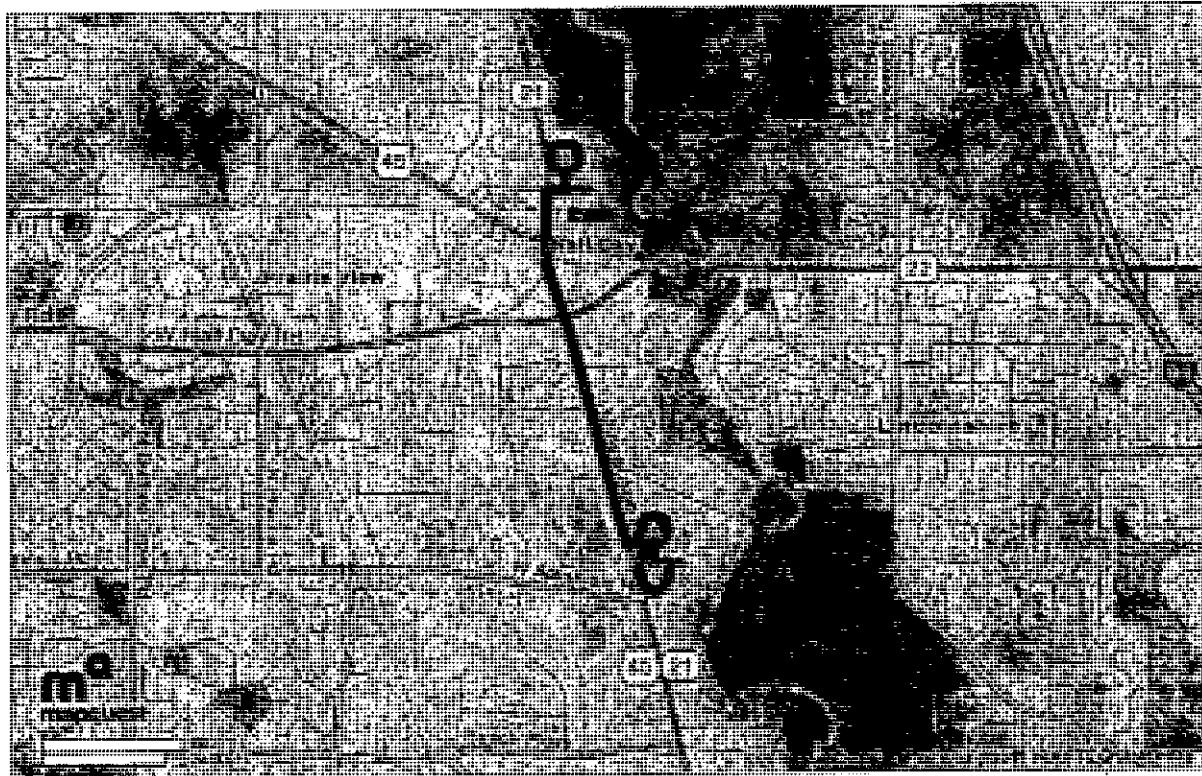
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Trip to:
150 Jamestown Ln
Lincolnshire, IL 60069-2119
2.02 miles
4 minutes

Notes



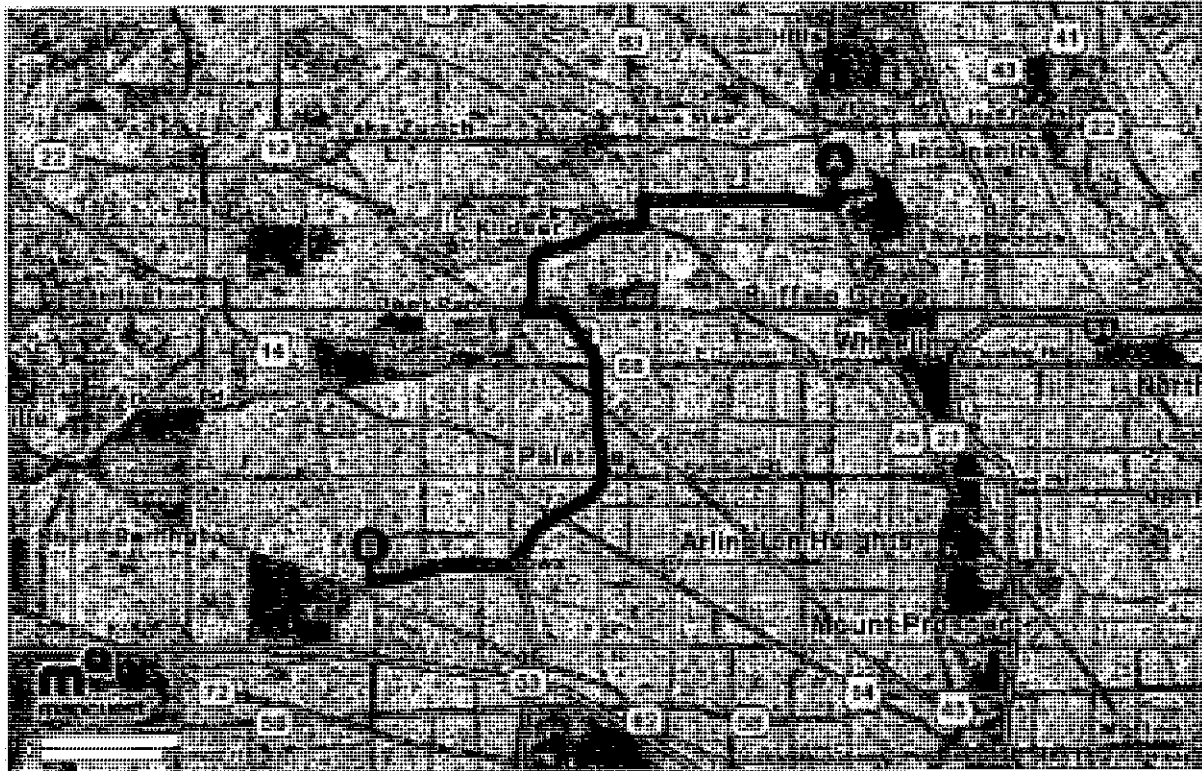
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Trip to:
1800 W Colonial Pkwy
Inverness, IL 60067-1216
15.92 miles
25 minutes

Notes



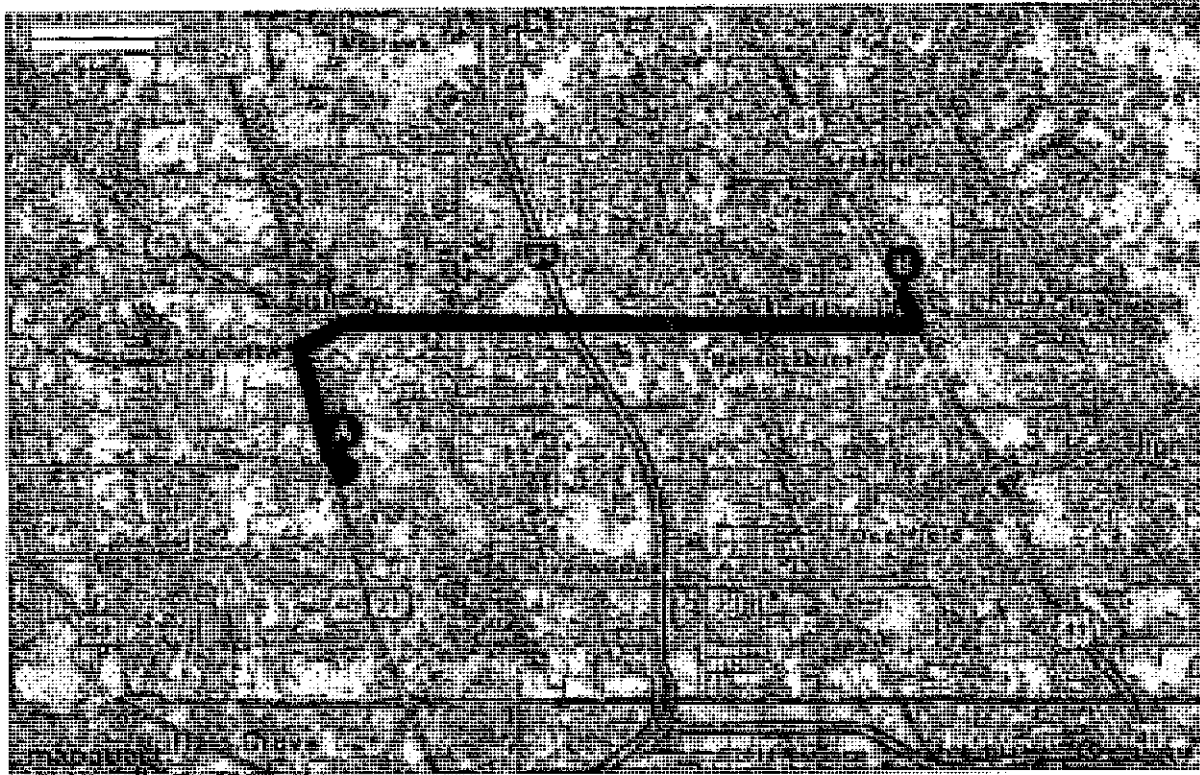
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mapquest m^q

Trip to:
2773 Skokie Valley Rd
Highland Park, IL 60035-1042
6.79 miles
14 minutes

Notes



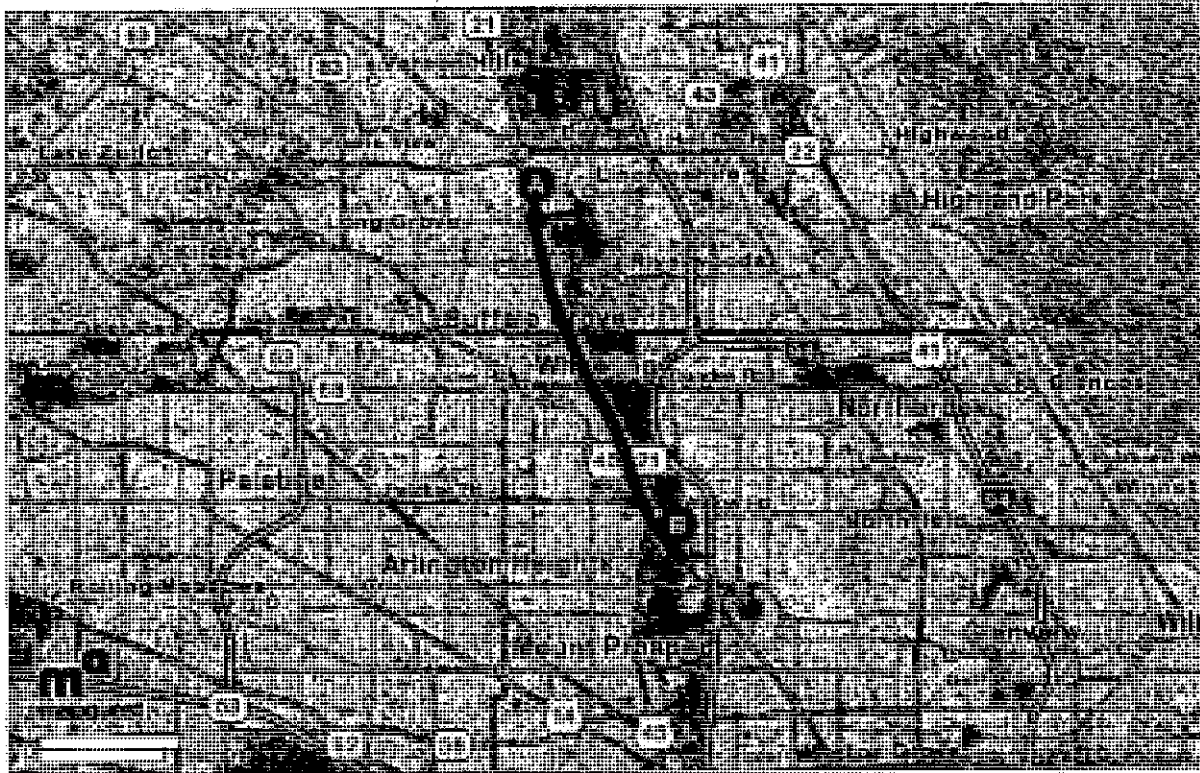
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Trip to:
3300 Milwaukee Ave
Northbrook, IL 60062-7126
7.19 miles
15 minutes

Notes



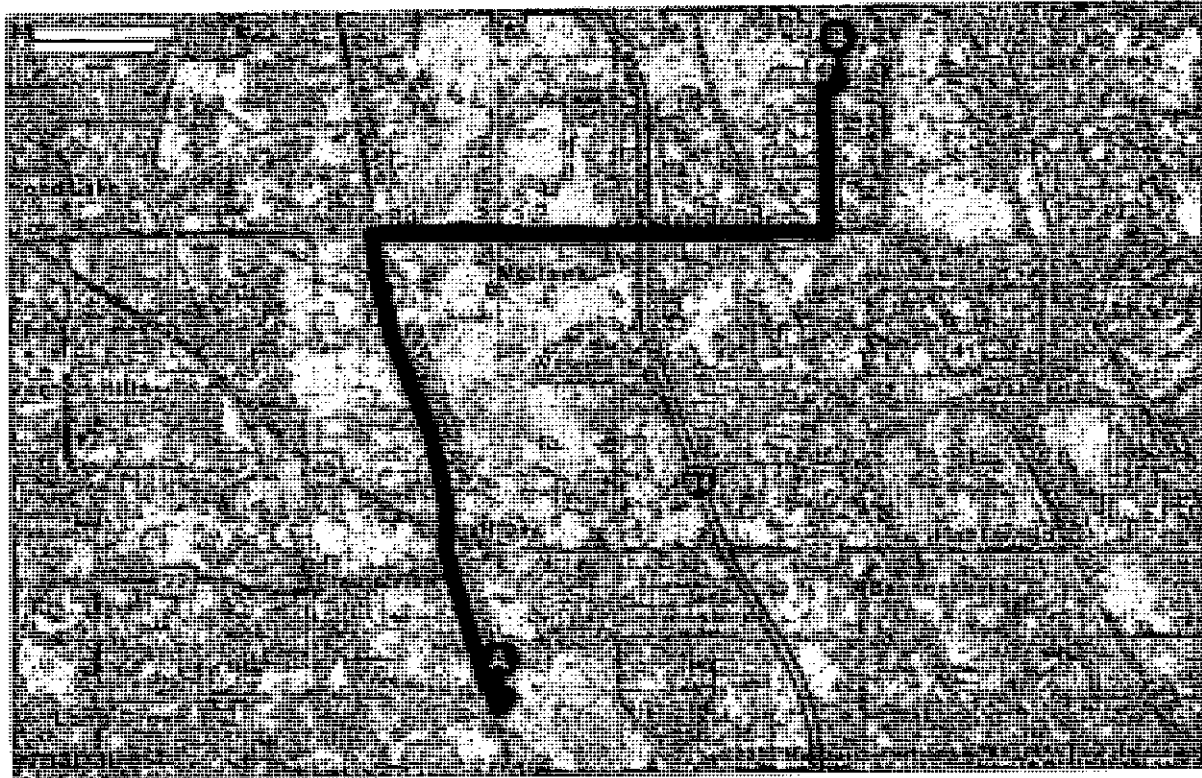
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mapquest m^q

Trip to:
1100 Pembridge Dr
Lake Forest, IL 60045-4228
9.69 miles
16 minutes

Notes



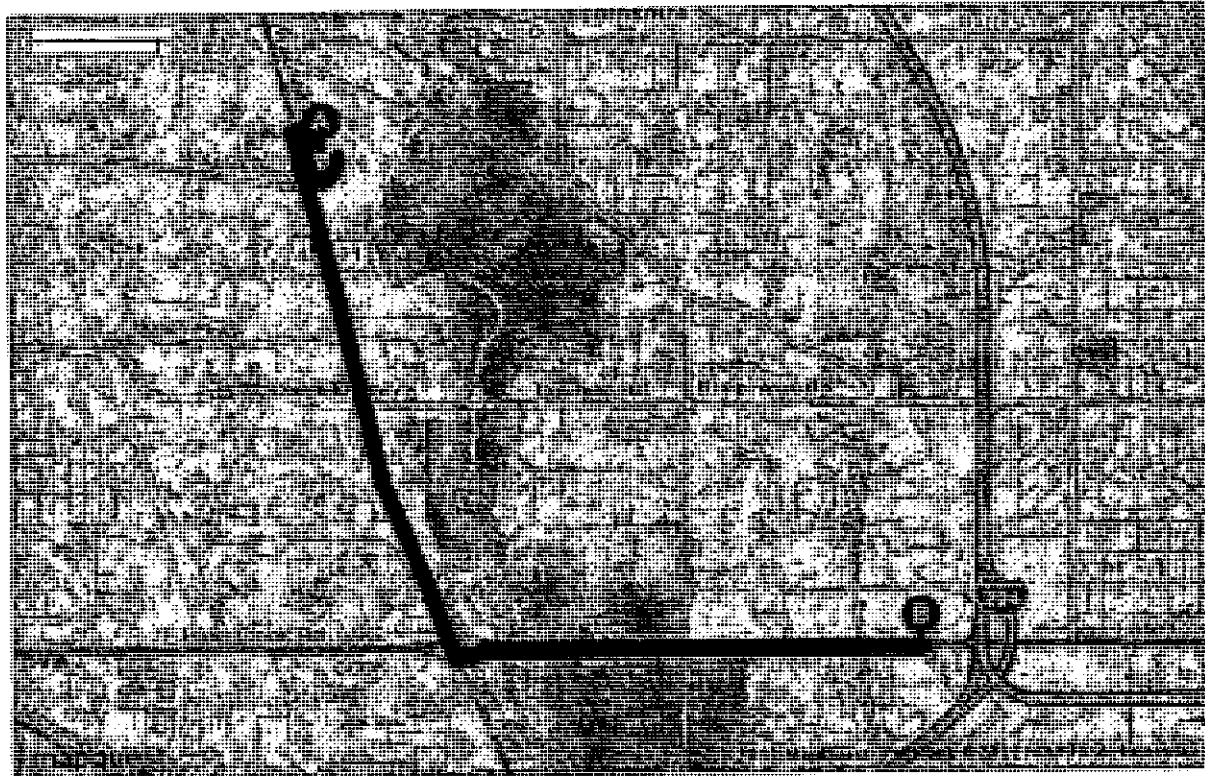
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Trip to:
4101 Lake Cook Rd
Northbrook, IL 60062-1112
4.56 miles
9 minutes

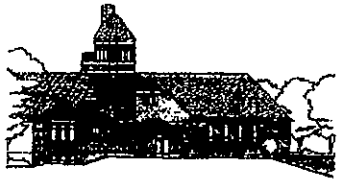
Notes



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APPENDIX C
COMMUNITY SUPPORT LETTERS



One Olde Half Day Road
Lincolnshire, IL 60069-3035
847•883•8600
847•883•8608 (FAX)

 Village of
Lincolnshire

January 28, 2011

Ms. Valerie McGhee
Executive Director
Sedgebrook
960 Audubon Way
Lincolnshire, Illinois 60069

Dear Ms. McGhee:

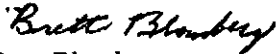
I am pleased to support the efforts of Sedgebrook Health Center and their desire to license 88 skilled nursing units to support health services of Lincolnshire and its surrounding communities.

Sedgebrook has been a leader in senior housing and provides quality person centered care.

I recognize the commitment of new ownership, Senior Care Development, in their desire to continue senior housing and professional medical services.

Sincerely,

VILLAGE OF LINCOLNSHIRE


Brett Blomberg
Mayor

DD:cry

V:\ES\BrettBlomberg\Letters\2ValeriaMcGheeSedgebrook012811

LINCOLNSHIRE-RIVERWOODS FIRE PROTECTION DISTRICT

FROM THE DESK OF CHIEF KRUGER

January 31, 2011

Valerie McGhee
Executive Director
Sedgebrook
960 Audubon Way
Lincolnshire, IL 60069

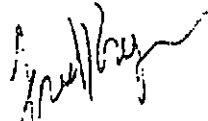
Dear Ms. McGhee,

I am please to support the efforts of the Sedgebrook Health Center and their desire to license 88 skilled nursing units to support health services of Lincolnshire and its surrounding communities.

Sedgebrook has been a leader in senior housing and provides quality person centered care.

I recognized the commitment of new ownership, Senior Care Development, in their desire to continue senior housing and professional medical services.

Sincerely,



Chief Fred Kruger

EMS, EDUCATION, PREVENTION AND PROTECTION

115 SCHELTER ROAD, LINCOLNSHIRE IL 60069
TX. 847-634-2512 FAX 847-634-2572
EST. 1941



Police Department
One Olde Half Day Road
Lincolnshire, IL 60069-3035
847•883•9900
847•883•9909 (FAX)

 Village of
Lincolnshire

January 31, 2011

Valerie McGhee
Executive Director
Sedgebrook
960 Audubon Way
Lincolnshire, Illinois 60069

Dear Ms. McGhee,

I am pleased to support the efforts of Sedgebrook Health Center and their desire to license 88 skilled nursing units to the support health services of Lincolnshire and the surrounding communities.

Sedgebrook is a leader in senior housing and a quality provider of senior care.

I recognize the commitment of the new ownership, Senior Care Development, in their desire to continue senior housing and professional medical services.

Sincerely,

John E. Kleffner
Interim Chief of Police
Lincolnshire Police Department

January 28, 2011

From: Elliott Kroger, MD
Health Center at Sedgebrook Retirement Community

To whom it may concern:

The Health Center at Sedgebrook has been in operation for over 1 ½ years and in that time, until recently, served both our residents at Sedgebrook as well as the local community.

We have been able to provide a unique level of care and service because of the expert administrative and nursing services. We have also been able to provide a level of service that more resembles a subacute care setting capable of handling many post hospital cases that would otherwise need to remain at a higher level of care. This is due in part to our unique model in which a physician is on site nearly 5-6 hours each day Monday through Friday with frequent on site coverage over the weekends.

This model has been appealing to hospitals and physicians alike as it translates into the offering of a higher level of care than is ordinarily associated with skilled nursing facilities. We thus are able to take care of a sicker patient with lower readmission rates in the vulnerable fifteen to thirty day window of time that leads to increased costs of medical care and poorer outcomes.

I would hope that this unique level of service would continue to be available to a broader public as it had been in the past.

APPENDIX D
Illinois Historic Preservation Agency Letter



**Illinois Historic
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Lake County
Lincolnshire

CON - Conversion for Direct Admits, Sedgebrook Health Center
800 Audubon Way
IHPA Log #005011211

January 27, 2011

Shawn Moon
Ungaretti and Harris
Three First National Plaza
70 W. Madison - Suite 3500
Chicago, IL 60602-4224

Dear Mr. Moon:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer