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National Commercial Services
4211 West Boy Scout Blvd, Suite 650
Tampa, FL 33607
NCS File No. *360816-E*

**SUBORDINATION, ASSIGNMENT
AND SECURITY AGREEMENT**

Statutory Notice:

- A. The address of the entity holding a lien or other interest created by this Security Instrument is: **c/o Red Mortgage Capital, LLC
1717 Main Street, Suite 900
Dallas, Texas 75201**
- B. The tax account number(s) of the Land subject to the lien or in which the interest is created: **3809-34BC-400
3809-34BC-500
3809-34BC-600**

Subordination, Assignment and Security
Agreement (Borrower and Property
Operator) (Seniors Housing)
Fannie Mae

DMEAST #29907528 v5

Form 6446.SRS
01-16

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**SUBORDINATION, ASSIGNMENT
AND SECURITY AGREEMENT
(Borrower and Property Operator)
(Seniors Housing)**

This SUBORDINATION, ASSIGNMENT AND SECURITY AGREEMENT (this “Assignment”) is made and entered into as of March 1, 2018 by and among (i) ARHC PPKLAOR01, LLC, a Delaware limited liability company (“Borrower”), (ii) FANNIE MAE, the corporation duly organized under the Federal National Mortgage Association Charter Act, as amended, 12 U.S.C. Section 1716 et seq. and duly organized and existing under the laws of the United States (“Lender”), (iii) PELICAN POINTE AL MC GR, LLC, an Oregon limited liability company (“Operator”), and (v) FM PELICAN LLC, an Oregon limited liability company (“Manager”) (individually and collectively, Operator and Manager, “Property Operator”).

RECITALS:

A. Pursuant to that certain Multifamily Loan and Security Agreement dated as of March 30, 2012, executed by and between Pelican Pointe Assisted Living, LLC, an Oregon limited liability company (“Original Borrower”) and Red Mortgage Capital, LLC, a Delaware limited liability company (“Original Lender”) (the “Original Loan Agreement”), Original Lender made a loan to Original Borrower in the original principal amount of Twelve Million Seven Hundred Fifty-Seven Thousand Five Hundred and 00/100 Dollars (\$12,757,500.00) (the “Mortgage Loan”), as evidenced by, among other things, that certain Multifamily Note dated as of March 30, 2012, executed by Original Borrower and made payable to Original Lender in the amount of the Mortgage Loan (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “Note”).

B. In addition to the Original Loan Agreement, the Mortgage Loan and the Note are also secured by, among other things, a certain Multifamily Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of March 30, 2012 and recorded as instrument number 2012-003324 in the land records of Klamath County, Oregon (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “Security Instrument”). Original Lender has endorsed the Note to Lender, and has assigned its interest in the Security Instrument to Lender pursuant to that certain Assignment of Deed of Trust, dated as of March 30, 2012, and recorded as instrument number 2012-003325 in the land records of Klamath County, Oregon. Original Lender is the Servicer of the Mortgage Loan.

C. Pursuant to that certain Assumption and Release Agreement dated as of March 28, 2013, executed by and between Original Borrower, Borrower, Dale L. Burghardt and Julie M. Burghardt (“Original Guarantors”), American Realty Capital Healthcare Trust, Inc., a

Maryland corporation (“**ARCHT**”), and Lender (the “**Prior Assumption Agreement**”), Lender consented to the transfer of the Mortgaged Property to Borrower and the assumption by Borrower of the obligations of Original Borrower under the Loan Documents (the “**Prior Transfer**”). In connection with the Prior Transfer, Borrower and Lender amended the Loan Agreement pursuant to that certain First Amendment to Multifamily Loan and Security Agreement, dated as of March 28, 2013, between Borrower and Lender (the “**First Amendment to Loan Agreement**”).

D. Borrower is the owner of a Seniors Housing Facility known as Pelican Pointe Assisted Living, located at 615 Washburn Way, Klamath Falls, Oregon, as more particularly described in the Security Instrument as the “**Mortgaged Property**.” A legal description of the Mortgaged Property is attached hereto as Exhibit A.

E. In connection with the Prior Transfer, (i) Borrower, Prior Operator, Manager and Lender entered into that certain Subordination, Assignment and Security Agreement dated March 28, 2013, which was subsequently amended and restated pursuant to that Amended and Restated Subordination, Assignment, and Security Agreement dated as of January 16, 2015 (together, the “**Prior SASA**”), and (ii) Borrower and Lender entered into that certain Amended and Restated Medicaid Transition Reserve and Security Agreement dated March 28, 2013 (the “**Prior Transition Reserve Agreement**”).

F. Lender and Borrower further amended the terms of the Loan Agreement pursuant to that certain Second Amendment to Multifamily Loan and Security Agreement, dated as of January 16, 2015, and that certain Third Amendment to Loan Agreement dated as of July 6, 2015 (together with the Original Loan Agreement and First Amendment to Loan Agreement, as amended, restated, replaced, supplemented or otherwise modified from time to time, collectively, the “**Loan Agreement**”), and Lender and Borrower further amended the terms of the Prior Transition Reserve Agreement pursuant to that certain Second Amended and Restated Medicaid Transition Reserve and Security Agreement dated as of January 16, 2015 (the “**Second Amendment to Transition Reserve Agreement**”); and Lender and Borrower have entered into that certain Third Amended and Restated Medicaid Transition Reserve and Security Agreement dated as of even date herewith, (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Transition Reserve Agreement**”). The Loan Agreement, the Note, the Security Instrument, the Prior Assumption Agreement, the Consent Agreement, the Transition Reserve Agreement, this Assignment and all other documents executed in connection with the Mortgage Loan are hereafter the “**Loan Documents**.”

G. Manager is the manager of the Mortgaged Property pursuant to that certain Management Agreement dated April 14, 2017, between Operator and Manager (as may be hereinafter amended or modified from time to time, the “**Management Agreement**”).

H. Operator is now the tenant of the Mortgaged Property pursuant to that certain Lease Agreement dated February 28, 2018, between Borrower and Operator (as may be hereinafter amended and modified from time to time, the “**Operating Lease**”) and is the holder

of the Licenses, as set forth on Exhibit C, required to operate the Mortgaged Property as a Seniors Housing Facility. Borrower, Operator, Manager, and Lender now desire to enter into this Assignment and to terminate the Prior SASA.

I. Lender requires and Property Operator is willing to subordinate its right, title and interest to and under the Facility Operating Agreement to the Loan Agreement and the Security Instrument and to assign all of its interest, as applicable, in Leases, Rents, Personalty, Contracts and Accounts to Lender as additional security for the Mortgage Loan.

J. Property Operator is willing to consent to this Assignment, to perform its obligations under the Facility Operating Agreement and this Assignment for Lender, or its successors and assigns in interest, and to permit Lender to terminate the Facility Operating Agreement without liability.

AGREEMENTS:

NOW, TIHEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Borrower, Lender and Property Operator agree as follows:

1. Definitions; Parties.

(a) Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement or the Security Instrument, as applicable. The following terms, when used in this Assignment, have the following meanings:

“Event of Default” means any Event of Default under the Loan Documents, including under this Assignment.

“Facility Operating Agreement” means, individually and collectively, any of an Operating Lease, Sublease, Management Agreement or other agreement setting forth the responsibilities for the operation, management, maintenance or administration of the Mortgaged Property as a Seniors Housing Facility, as identified in the Recitals.

“Facility Operating Agreement Rent” means any rent, fees or other sums due or to become due by Property Operator to Borrower under a Facility Operating Agreement.

“Goods” means (except as set forth on Schedule 1 attached hereto) all of the following that are (a) located on the Mortgaged Property, (b) used or intended to be used now or in the future in connection with the management or operation of the Mortgaged Property, or (c) held or generated by Property Operator specifically with respect to the Mortgaged Property: inventory; furniture; furnishings; machinery, equipment, engines, boilers, incinerators, and installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air or light; antennas, cable, wiring, and conduits used in connection with radio, television, security, fire prevention, or fire detection, or otherwise used to

carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains, and curtain rods; mirrors, cabinets, paneling, rugs, and floor and wall coverings; fences, trees and plants; swimming pools; exercise equipment; supplies; tools; books and records (whether in written or electronic form); websites, URLs, blogs and social network pages; computer equipment (hardware and software); all kitchen or restaurant supplies and facilities; dining room supplies and facilities; medical supplies and facilities; leasehold improvements or related furniture and equipment; including all present and future parts, additions, accessories, replacements, attachments, acccessions, replacement parts and substitutions of the foregoing, and the proceeds thereof (cash and non-cash, including insurance proceeds); and any other equipment, supplies or furniture owned by Property Operator and leased to any third party service provider or any other operator or manager of the Mortgaged Property; and other tangible personal property which is used now or in the future in connection with the management or operation of the Mortgaged Property or is located on the Mortgaged Property.

“Land” means the land described in Exhibit A.

“Mortgage Loan” has the meaning as defined in Recital A above.

“Mortgaged Property” has the meaning as defined in Recital C above.

“Operating Covenants” means all terms, conditions, provisions, requirements, representations, and affirmative and negative covenants of the Loan Documents relating to the use and operation of the Mortgaged Property, which also shall be deemed to run directly to the Property Operator.

“Personalty” means (except as set forth on Schedule 1 attached hereto) all Goods, accounts, choses of action, chattel paper, documents, general intangibles (including software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Mortgaged Property now or in the future, and all other intangible property and rights relating to the management or operation of, or used in connection with, the Mortgaged Property, including all governmental permits relating to any activities on the Mortgaged Property.

“Property Operator” has the meaning as defined in the Preamble above.

“Seniors Housing Facility Lease” means, individually and together, any Operating Lease or Sublease.

“Third Party Payments” means all payments and the rights to receive such payments from Medicaid or other federal, state or local programs, boards, bureaus or agencies, and from residents, private insurers or others.

“UCC Collateral” means, collectively, the Facility Operating Agreement, any of the Accounts, Contracts, Leases, Personalty, Rents and Third Party Payments which, under applicable law, may be subject to a security interest under the UCC, whether acquired now or in the future and all products and cash and non-cash proceeds thereof.

(b) Any reference to Property Operator in this Assignment shall refer to Master Operator, Sublessee, Manager or other entity each in their respective capacities as being responsible for the management and operation of the Mortgaged Property under the applicable Facility Operating Agreement and made a party hereto.

Any assignment of Leases, Rents, Licenses, Personalty, Contracts, Third Party Payments and Accounts made by a Property Operator under this Assignment shall be to the extent such Property Operator has a present or hereinafter acquired interest in such Leases, Rents, Licenses, Personalty, Contracts, Third Party Payments and Accounts.

Any representation, warranty or covenant made by a Property Operator under this Assignment shall be to the extent that such Property Operator has an interest in the Mortgaged Property or Facility Operating Agreement, as applicable. To the extent that a Property Operator does not have an interest in the Mortgaged Property or Facility Operating Agreement, any such representation, warranty or covenant shall not be applicable to such party.

2. Uniform Commercial Code Security Agreement.

(a) To secure to Lender, the performance of the covenants and agreements of Property Operator contained in this Assignment, Property Operator hereby pledges, assigns, and grants to Lender a continuing security interest in the UCC Collateral. This Assignment constitutes a security agreement and a financing statement under the UCC. Property Operator hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest without the signature of Property Operator. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the UCC or otherwise provided at law or in equity, in addition to all remedies provided by this Assignment. Lender may exercise any or all of its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability or validity of Lender's other remedies. For purposes of the UCC, the debtor is Property Operator and the secured party is Lender. The name and address of the debtor and secured party are set forth after Property Operator's signature below which are the addresses from which information on the security interest may be obtained.

(b) Property Operator represents and warrants that: (i) Property Operator maintains its chief executive office at the location set forth after Property Operator's signature below, and

Property Operator will notify Lender in writing of any change in its chief executive office within five (5) days of such change; (ii) Property Operator's state of incorporation, organization, or formation, if applicable, is as set forth on Page 1 of this Assignment; (iii) Property Operator's exact legal name is as set forth on Page 1 of this Assignment; (iv) Property Operator's organizational identification number, if applicable, is as set forth after Property Operator's signature below; (v) Property Operator is the owner of the UCC Collateral subject to no liens, charges or encumbrances other than the lien hereof; (vi) except as expressly provided in the Loan Agreement, the UCC Collateral will not be removed from the Mortgaged Property without the consent of Lender; and (vii) no financing statement covering any of the UCC Collateral or any proceeds thereof is on file in any public office except pursuant hereto or pursuant to the other Loan Documents.

(c) All property of every kind acquired by Property Operator after the date of this Assignment which by the terms of this Assignment shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Property Operator and without further conveyance or assignment become subject to the lien and security interest created by this Assignment. Nevertheless, Property Operator shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further security agreements, financing statements, assignments and assurances as Lender shall require for accomplishing the purposes of this Assignment and to comply with the re-recording requirements of the UCC.

3. Assignment of Leases and Rents; Appointment of Receiver; Lender in Possession.

(a) As part of the consideration for Lender's approval of the Facility Operating Agreement, Property Operator absolutely and unconditionally assigns and transfers to Lender any interest it has in all Leases and Rents. It is the intention of Property Operator to establish present, absolute and irrevocable transfers and assignments to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Property Operator. Property Operator and Lender intend these assignments of Leases and Rents to be effective immediately and to constitute absolute present assignments, and not assignments for additional security only. However, if these present, absolute and unconditional assignments of Leases and Rents are not enforceable by their terms under the laws of the Property Jurisdiction, then it is the intention of Property Operator that in this circumstance this Assignment create and perfect a lien on Leases and Rents in favor of Lender to secure the obligations of Property Operator under this Assignment and Borrower's obligations under the Loan Documents, which lien shall be effective as of the date of this Assignment.

(b) Until an Event of Default has occurred and is continuing, but subject to the limitations set forth in this Assignment, Property Operator shall have a revocable license to exercise all rights, power and authority granted to Property Operator under the Leases (including the right, power and authority to modify the terms of any Lease, extend or terminate any Lease, or enter into a new Lease, other than a Seniors Housing Facility Lease, subject to the limitations set forth in this Assignment and the Loan Agreement), and to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender, and, if applicable, to apply all Rents to pay the

Facility Operating Agreement Rent, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities and Impositions (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing (and no event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing), the Rents remaining after application pursuant to the preceding sentence may be retained and distributed by Property Operator free and clear of, and released from, Lender's rights with respect to Rents under this Assignment.

(c) If an Event of Default has occurred and is continuing, without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, the revocable license granted to Property Operator pursuant to Section 3(b) shall automatically terminate, and Lender shall immediately have all rights, powers and authority granted to Property Operator under any Lease (including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease) and, without notice, Lender shall be entitled to all Rents as they become due and payable, including Rents then due and unpaid. During the continuance of an Event of Default, Property Operator authorizes Lender to collect, sue for and compromise Rents and directs each resident or tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender, and Property Operator shall, upon Property Operator's receipt of any Rents from any sources, pay the total amount of such receipts to Lender. Although the foregoing rights of Lender are self-effecting, at any time during the continuance of an Event of Default, Lender may make demand for all Rents, and Lender may give, and Property Operator hereby irrevocably authorizes Lender to give, notice to all residents or tenants of the Mortgaged Property instructing them to pay all Rents to Lender. No resident or tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no resident or tenant shall be obligated to pay to Property Operator any amounts that are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each resident or tenant personally, by mail or by delivering such demand to each rental unit.

(d) If an Event of Default has occurred and is continuing, Lender is further authorized to give notice to all Third Party Payment payors (other than Medicaid payments from governmental entities) at Lender's option, instructing them to pay all Third Party Payments which would otherwise be paid to Property Operator to Lender, to the extent permitted by law.

(e) If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender's security or the solvency of Property Operator, and even in the absence of waste, enter upon, take and maintain full control of the Mortgaged Property, and may exclude Property Operator and its agents and employees therefrom, in order to perform all acts that Lender, in its discretion, determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents (including through use of a lockbox arrangement, cash management arrangement or depository agreement, at Lender's election), the making of repairs

to the Mortgaged Property and the execution or termination of Contracts providing for goods or services at or otherwise in connection with the operation, use or maintenance of the Mortgaged Property, paying fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants, obtaining (or force-placing) the insurance required by the Loan Documents, for the purposes of enforcing the assignments of Leases and Rents, protecting the Mortgaged Property or the security of this Assignment and the Mortgage Loan, or for such other purposes as Lender in its discretion may deem necessary or desirable.

(f) Notwithstanding any other right provided Lender under this Assignment or any other Loan Document, if an Event of Default has occurred and is continuing, and regardless of the adequacy of Lender's security or Property Operator's solvency, and without the necessity of giving prior notice (oral or written) to Property Operator, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in Section 3(e). If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Property Operator, by its execution of this Assignment, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte, if permitted by applicable law. Property Operator consents to shortened time consideration of a motion to appoint a receiver. Lender or the receiver, as applicable, shall be entitled to receive a reasonable fee for managing the Mortgaged Property and such fee shall become an additional part of the Indebtedness. Immediately upon appointment of a receiver or Lender's entry upon and taking possession and control of the Mortgaged Property, possession of the Mortgaged Property and all documents, records (including records on electronic or magnetic media), accounts, surveys, plans and specifications relating to the Mortgaged Property, and all security deposits and prepaid Rents, shall be surrendered to Lender or the receiver, as applicable. If Lender or receiver takes possession and control of the Mortgaged Property, Lender or receiver may exclude Property Operator and its representatives from the Mortgaged Property.

(g) The acceptance by Lender of the assignments of the Leases and Rents pursuant to this Section 3 shall not at any time or in any event obligate Lender to take any action under this Assignment or to expend any money or to incur any expense. Lender shall not be liable in any way for any injury or damage to person or property sustained by any Person in, on or about the Mortgaged Property, provided that Lender shall not be released from liability that occurs as a result of Lender's gross negligence or willful misconduct as determined by a court of competent jurisdiction pursuant to a final, non-appealable court order. Prior to Lender's actual entry upon and taking possession and control of the Land and Improvements, Lender shall not be:

(i) obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease);

(ii) obligated to appear in or defend any action or proceeding relating to any Lease or the Mortgaged Property; or

(iii) responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property.

(h) Lender shall be liable to account only to Borrower and Property Operator and only for Rents actually received by Lender. Lender shall not be liable to Borrower or Property Operator, anyone claiming under or through Borrower, Property Operator or anyone having an interest in the Mortgaged Property by reason of any act or omission of Lender under this Section 3, and Borrower and Property Operator hereby releases and discharges Lender from any such liability to the fullest extent permitted by law, provided that Lender shall not be released from liability that occurs as a result of Lender's gross negligence or willful misconduct as determined by a court of competent jurisdiction pursuant to a final, non-appealable court order. If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall be added to, and become a part of, the principal balance of the Indebtedness (and secured by this Assignment and the Security Instrument), be immediately due and payable, and bear interest at the Default Rate from the date of disbursement until fully paid. Any entering upon and taking control of the Mortgaged Property by Lender or the receiver, and any application of Rents as provided in this Assignment, shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Assignment or any Loan Document.

(i) Borrower and Property Operator acknowledge and agree that the exercise by Lender of any of the rights conferred in this Assignment shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

4. Assignment of Contracts and Management Agreement; Contracts Affecting the Mortgaged Property.

(a) Property Operator has entered into the Contracts identified on Exhibit B for the provision of goods or services at or otherwise in connection with the operation, use or maintenance of the Mortgaged Property. Property Operator may in the future enter into Contracts for the provision of additional goods or services at or otherwise in connection with the operation, use or maintenance of the Mortgaged Property.

(b) As consideration for the material financial benefit to be derived by Property Operator from Lender's approval of the Facility Operating Agreement, to the extent permitted by applicable law, Property Operator pledges, grants a security interest in and assigns to Lender all of Property Operator's right, title and interest, if any, in, to and under (i) the Contracts, including Property Operator's right, power and authority to modify the terms of, extend or terminate any such Contract, and (ii) the Management Agreement. To the extent permitted by applicable law, it is the intention of Property Operator to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Property Operator's right, title and interest in, to and under the Contracts and the Management Agreement. To the extent permitted by applicable law, Property Operator and Lender intend this assignment of the Contracts and the Management

Agreement to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. If this present, absolute and unconditional assignment of the Contracts or the Management Agreement is not enforceable by its terms under the laws of the Property Jurisdiction, then it is the intention of Property Operator that in this circumstance this Assignment create and perfect a lien on the Contracts and the Management Agreement in favor of Lender to secure the obligations of Property Operator under this Assignment and Borrower's obligations under the Loan Documents, which lien shall be effective as of the date of this Assignment. The acceptance by Lender of this assignment of the Contracts and the Management Agreement shall not at any time or in any event obligate Lender to take any action under this Assignment or to expend any money or to incur any expenses.

(c) Until Lender gives notice to Property Operator of Lender's exercise of its rights under this Section 4, Property Operator shall have all rights, power and authority granted to Property Operator under any Contract (except as otherwise limited by this Section 4, Section 9(t) or any other provision of this Assignment), including the right, power and authority to modify, extend or terminate any Contract. If an Event of Default has occurred and is continuing, at the option of Lender, the permission given to Property Operator pursuant to the preceding sentence to exercise all rights, power and authority under Contracts shall terminate.

(d) Upon Lender's delivery of notice to Property Operator of an Event of Default, Lender shall immediately have all rights, powers and authority granted to Property Operator under any Contract and the Management Agreement, including the right, power and authority to modify the terms of, extend or terminate any such Contract or the Management Agreement.

5. Assignment of Licenses.

As consideration for the material financial benefit to be derived by Property Operator from Lender's approval of the Facility Operating Agreement, to the extent permissible under applicable law and regulation, Property Operator pledges, grants a security interest in and assigns to Lender to secure Property Operator's obligations under this Assignment all of Property Operator's right, title and interest, if any, in and to all Licenses and any other agreements or permits of any nature whatsoever now or hereafter obtained or entered into by Property Operator with respect to the occupancy, use, operation, maintenance and administration of the Mortgaged Property as a Seniors Housing Facility.

6. Subordination to Mortgage Lien.

The Facility Operating Agreement is and shall be subject and subordinate to the liens, terms, covenants and conditions of this Assignment, the Security Instrument and the other Loan Documents, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances heretofore made or which may hereafter be made pursuant to the Security Instrument (including all sums advanced for the purposes of (a) protecting or further securing the lien of the Security Instrument, curing defaults by Borrower under the Loan Documents or for any other purposes expressly permitted by the Security Instrument, or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

7. Property Operator Fee Subordination.

If Property Operator is a Borrower Affiliate, Property Operator agrees that any management fees payable to Property Operator by Borrower pursuant to the Facility Operating Agreement shall be subordinated in right to the prior payment in full of the Indebtedness. If Property Operator is not a Borrower Affiliate, Property Operator agrees that any management fees payable to Property Operator by Borrower pursuant to the Facility Operating Agreement shall be subordinated in right of payment to the prior payment in full of monthly debt service and funding of escrows and reserves as required under the Loan Documents, and the payment of all operating expenses and capital expenditures incurred in connection with the operation and management of the Mortgaged Property.

8. Property Operator Representations and Warranties.

(a) Operator represents and warrants to Lender as follows as of the date of this Assignment:

(i) Operator has unconditionally accepted delivery of the Mortgaged Property pursuant to the terms of the Facility Operating Agreement and is operating the Mortgaged Property as a Seniors Housing Facility;

(ii) the Facility Operating Agreement Terms set forth on Exhibit D are true and correct;

(iii) the Facility Operating Agreement does not provide for free Facility Operating Agreement Rent, partial Facility Operating Agreement Rent, Facility Operating Agreement Rent concessions of any kind, the advance payment of Facility Operating Agreement Rent other than as set forth in Section 9(k), or Facility Operating Agreement Rent abatement or offsetting of Facility Operating Agreement Rent;

(iv) no Facility Operating Agreement Rent has been paid for more than thirty (30) days in advance;

(v) all required payments of Facility Operating Agreement Rent have been made prior to the date hereof;

(vi) Operator has fully inspected the Mortgaged Property and found the same to be as required by the Facility Operating Agreement in good order and repair, and all conditions and duties of an inducement nature under the Facility Operating Agreement to be performed by Borrower have been satisfied, including but not limited to payment to Operator of any Borrower contributions for improvements, completion by Borrower of the construction of any improvements to be constructed by Borrower, and payment to Operator of any consulting fees;

(vii) Operator has no options to purchase, right of first refusal to purchase or right of first offer to purchase under the Facility Operating Agreement or with respect to the Mortgaged Property or any part thereof, except as set forth on Exhibit D;

(viii) Operator has not assigned or sublet and is now the sole owner of the interest or leasehold estate created by the Facility Operating Agreement;

(ix) Operator has no offsets, claims or defenses against Borrower with respect to the Facility Operating Agreement, and to Operator's knowledge, no party is in default under any of the terms, conditions, provisions or agreements of the Facility Operating Agreement;

(x) [Operator has paid the Facility Operating Agreement Security Deposit set forth on Exhibit D to Borrower, if any;]

(xi) Operator has not executed any prior assignment of Leases and Rents with respect to the Mortgaged Property that is currently in effect;

(xii) Operator has received from Borrower and reviewed a fully executed copy of the Loan Agreement and each of the other Loan Documents that set forth the Operating Covenants;

(xiii) Operator has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions other than Prohibited Activities or Conditions that are the subject of an O&M Plan approved in writing by Lender; to Property Operator's knowledge, no Prohibited Activities or Conditions exist or have existed on the Mortgaged Property; and Operator has complied with all Environmental Laws, including all requirements for notification regarding the presence of or any releases of Hazardous Materials;

(xiv) Operator has not filed and is not subject to any filing for bankruptcy or reorganization under any applicable bankruptcy or insolvency laws;

(xv) there are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending against, affecting or, to Operator's knowledge, threatened against Operator, any entity that Controls Operator, or the Mortgaged Property that would adversely affect the Licenses or the operations at the Mortgaged Property. Operator is not currently operating under a consent order or decree, or any other agreement or decree mandated by any Governmental Authority that restricts or otherwise affects the operation of the Mortgaged Property;

(xvi) Operator currently operates the Mortgaged Property as the type of facility described on, and holds the Licenses identified on, Exhibit C, and is unaware of any other required Licenses. Each of the Licenses listed on Exhibit C has been lawfully issued to Operator, is current, valid and in full force and effect and must be renewed for the period

set forth on Exhibit C. No violations of record exist pertaining to any License and the terms of the Licenses set forth on Exhibit C are true and correct;

(xvii) Intentionally deleted;

(xviii) the operation of the Mortgaged Property complies with the Licenses;

(xix) to Operator's knowledge, there currently exist no grounds for the revocation, suspension or limitation of any License;

(xx) if Operator is a HIPAA Covered Entity or HIPAA Business Associate, Operator has developed and implemented appropriate administrative, technical and physical safeguards to protect the privacy and security of Protected Health Information (as that term is defined in HIPAA), and otherwise achieved substantial compliance with applicable HIPAA requirements, including those concerning privacy, breach notification, security and electronic transaction standards;

(xxi) the Contracts are assignable and no previous assignment of Operator's interest in the Contracts has been made, and the Contracts are in full force and effect in accordance with their respective terms and there are no defaults thereunder;

(xxii) Operator is duly organized, validly existing and qualified to transact business in the Property Jurisdiction;

(xxiii) Operator has the requisite power and authority to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of its obligations under this Assignment; and

(xxiv) the execution, delivery and performance of this Assignment have been duly authorized by all necessary action and proceedings by or on behalf of Operator, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Operator as a condition to the valid execution, delivery and performance by Operator of the Facility Operating Agreement and this Assignment.

(b) Manager represents and warrants to Lender as follows as of the date of this Assignment:

(xxv) Manager is managing the Mortgaged Property as a Seniors Housing Facility pursuant to the terms of the Facility Operating Agreement;

(xxvi) the Facility Operating Agreement Terms set forth on Exhibit D are true and correct;

(xxvii) Manager has fully inspected the Mortgaged Property and found the same to be as required by the Facility Operating Agreement in good order and repair, and all conditions and duties of an inducement nature under the Facility Operating Agreement to be performed by Borrower have been satisfied, including but not limited to payment to Property Operator of any Borrower contributions for improvements, completion by Borrower of the construction of any improvements to be constructed by Borrower, and payment to Property Operator of any consulting fees;

(xxviii) Manager has no rights or options to purchase, right of first refusal to purchase, or right of first offer to purchase under the Facility Operating Agreement or with respect to the Mortgaged Property or any part thereof, except as set forth on Exhibit D;

(xxix) Manager has not assigned, sub-contracted or delegated any of its rights and obligations created by the Facility Operating Agreement;

(xxx) Manager has no offsets, claims or defenses against Operator with respect to the Facility Operating Agreement, and to Manager's knowledge, no party is in default under any of the terms, conditions, provisions or agreements of the Facility Operating Agreement;

(xxxi) Manager has not executed any prior assignment of Leases and Rents with respect to the Mortgaged Property that is currently in effect;

(xxxii) Manager has received from Borrower and reviewed a fully executed copy of the Loan Agreement, and each of the other Loan Documents that set forth the Operating Covenants;

(xxxiii) Manager has not filed and is not subject to any filing for bankruptcy or reorganization under any applicable bankruptcy or insolvency laws;

(xxxiv) there are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending against, affecting or, to Manager's knowledge, threatened against Manager, any entity that Controls Manager, or the Mortgaged Property that would adversely affect the Licenses or the operations at the Mortgaged Property. Manager is not currently operating under a consent order or decree, or any other agreement or decree mandated by any Governmental Authority that restricts or otherwise affects the operation of the Mortgaged Property;

(xxxv) Intentionally deleted;

(xxxvi) to Manager's knowledge no violations of record exist pertaining to any License and the terms of the Licenses set forth on Exhibit C are true and correct;

(xxxvii) the management of the Mortgaged Property complies with the Licenses;

(xxxviii) to Manager's knowledge, there currently exist no grounds for the revocation, suspension or limitation of any License;

(xxxix) if Manager is a HIPAA Covered Entity or HIPAA Business Associate, Manager has developed and implemented appropriate administrative, technical and physical safeguards to protect the privacy and security of Protected Health Information (as that term is defined in HIPAA), and otherwise achieved substantial compliance with applicable HIPAA requirements, including those concerning privacy, breach notification, security and electronic transaction standards;

(xl) the Contracts are assignable and no previous assignment of Manager's interest in the Contracts has been made, and the Contracts are in full force and effect in accordance with their respective terms and there are no defaults thereunder;

(xli) Manager is duly organized, validly existing and qualified to transact business in the Property Jurisdiction;

(xlii) Manager has the requisite power and authority to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of its obligations under this Assignment; and

(xliii) the execution, delivery and performance of this Assignment have been duly authorized by all necessary action and proceedings by or on behalf of Manager, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Manager as a condition to the valid execution, delivery and performance by Manager of the Facility Operating Agreement and this Assignment.

9. Property Operator Covenants.

Property Operator covenants with Lender that during the term of this Assignment:

(a) Property Operator shall not transfer the responsibility for the operation and management of the Mortgaged Property or the Licenses as prohibited by the Loan Documents;

(b) Property Operator shall cooperate with Lender, including attendance at any meetings requested by Lender (after reasonable prior notice), and, as required by the Loan Documents, furnishing financial statements of Property Operator (in connection with the operation of the Mortgaged Property) and operating statements for the Mortgaged Property, and allowing Lender to undertake inspections of the Mortgaged Property;

(c) Property Operator shall comply with all Operating Covenants, including arranging for the escrow of Taxes and insurance with Lender (to the extent not waived by Lender) and providing insurance coverage in accordance with Lender's requirements;

(d) if, by reason of its exercise of any right or remedy under the Facility Operating Agreement, Property Operator acquires by right of subrogation or otherwise a lien on the Mortgaged Property which (but for this subsection) would be senior to the lien of the Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Security Instrument and this Assignment;

(e) until Property Operator receives notice (or otherwise acquires actual knowledge) of an Event of Default, Property Operator shall be entitled to retain for its own account any payments or fees made pursuant to the Facility Operating Agreement, subject to the terms of this Assignment, provided that if Property Operator is an Affiliated Property Operator, notice to Borrower of an Event of Default shall be deemed to be notice to Property Operator for purposes of this provision;

(f) after Property Operator or Borrower receives notice (or otherwise acquires actual knowledge) of an Event of Default, Property Operator shall not accept or retain any payments or fees made pursuant to the Facility Operating Agreement without Lender's prior written consent;

(g) if, after Property Operator or Borrower receives notice (or otherwise acquires actual knowledge) of an Event of Default, Property Operator receives any payments or fees pursuant to the Facility Operating Agreement other than from Lender, or if Property Operator receives any other payment or distribution of any kind from Borrower or from any other Person other than from Lender in connection with the Facility Operating Agreement which Property Operator is not permitted by this Assignment to retain for its own account, such payment or other distribution will be received and held in trust for Lender and unless Lender otherwise notifies Property Operator, will be promptly remitted in readily available funds to Lender, properly endorsed to Lender, to be applied to amounts due under the Loan Documents in such order and in such manner as Lender shall determine. Property Operator hereby irrevocably designates, makes, constitutes and appoints Lender (and all persons or entities designated by Lender) as Property Operator's true and lawful attorney in fact with power to endorse the name of Property Operator upon any checks representing payments referred to in this subsection;

(h) during the term of this Assignment, Property Operator shall not commence, or join with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to Borrower, without Lender's prior written consent;

(i) Property Operator shall deliver to Lender at the address indicated below and at the same time as such notice is given to Borrower, any notice of default under the Facility Operating Agreement;

(j) Property Operator shall not seek to terminate the Facility Operating Agreement by reason of any default of Borrower without prior written notice to Lender and the lapse of such time as was offered to Borrower under the Facility Operating Agreement in which to remedy the default, and the lapse of thirty (30) days after the expiration of such time as Borrower was permitted to cure such default; provided, however, that with respect to any default of Borrower under the Facility Operating Agreement which cannot be remedied within such time, if Lender commences to cure such default within such time and thereafter diligently proceeds with such efforts and pursues the same to completion, Lender shall have such time as is reasonably necessary to complete curing such default. Notwithstanding the foregoing, in the event either Lender or Borrower do not cure or commence curing such default within the time provided to Borrower under the Facility Operating Agreement and the nature of the default threatens Property Operator's ability to conduct its daily business or threatens to materially or adversely damage its property located on the Mortgaged Property, Property Operator shall be permitted to exercise its rights under the Facility Operating Agreement;

(k) Property Operator shall not pay Facility Operating Agreement Rent more than thirty (30) days in advance of the date on which the same are due or to become due under the Facility Operating Agreement;

(l) Property Operator shall certify promptly in writing to Lender in connection with any proposed assignment of the Mortgage Loan, whether or not any default on the part of Borrower then exists under the Facility Operating Agreement and shall execute such estoppel certificates and subordination agreements as Lender shall reasonably require;

(m) Property Operator shall not create, incur, assume or suffer to exist any lien on the Mortgaged Property or any part of the Mortgaged Property or pledge any interest in the Mortgaged Property or any part of the Mortgaged Property, including the Leases, Rents and Contracts except as provided herein;

(n) Property Operator shall not without the prior written consent of Lender (1) extend, modify or terminate (except as set forth in 9(j) of this Assignment) any of the terms or provisions of the Facility Operating Agreement, (2) assign its rights under the Facility Operating Agreement, (3) in connection with any Facility Operating Agreement that is a master lease covering more than one property, add or release any property subject to the Facility Operating Agreement, or (4) transfer the Facility Operating Agreement. Within five (5) days of Property Operator's receipt, Property Operator shall give Lender written notice of any notice or information that Property Operator receives which indicates that any party (A) is in default under the terms of the Facility Operating Agreement, (B) is extending, modifying or terminating the Facility Operating Agreement or (C) is otherwise discontinuing its ownership, operation or management of the Mortgaged Property;

(o) Property Operator shall comply with its obligations under the Facility Operating Agreement;

(p) Property Operator shall promptly inform Lender in writing (and shall deliver to Lender copies of any related written communications, complaints, orders, judgments and other documents) relating to the commencement of any rulemaking or disciplinary proceeding or the promulgation of any proposed or final rule which would have, or may reasonably be expected to have, a material adverse effect on Property Operator's ability to operate and manage the Mortgaged Property or on the Mortgaged Property itself; the receipt of notice from any Governmental Authority having jurisdiction over Property Operator that (i) Property Operator is being placed under regulatory supervision, (ii) any License, permit, charter, membership or registration material to the conduct of Property Operator's business or the Mortgaged Property is to be suspended or revoked or (iii) Property Operator is to cease and desist any practice, procedure or policy employed by Property Operator in the conduct of its business, and such cessation would have, or may reasonably be expected to have, a material adverse effect on the Mortgaged Property;

(q) Property Operator shall provide immediate written notice to Lender of any claims, actions, suits, or proceedings at law or in equity (including any insolvency, bankruptcy, or receivership proceeding) by or before any Governmental Authority pending against, affecting or, to Property Operator's knowledge, threatened against Property Operator, any entity that Controls Property Operator, or the Mortgaged Property, which claims, actions, suits, or proceedings, if adversely determined reasonably would be expected to materially adversely affect the Licenses, the financial condition or business of Property Operator, or the condition, operation, or ownership of the Mortgaged Property;

(r) Property Operator shall provide to Lender within ten (10) days after its receipt, copies of all inspection reports, surveys, reviews, and certifications prepared by, for, or on behalf of any licensing or regulatory authority relating to the Mortgaged Property and any legal actions, orders, notices, or reports relating to the Mortgaged Property issued by the applicable regulatory or licensing authorities;

(s) Property Operator shall not look to Lender, any mortgagee in possession, or successor in title to the Mortgaged Property for accountability for any security deposit or other deposit held by Borrower;

(t) Property Operator shall fully perform all of its obligations under the Contracts, and Property Operator shall not assign, sell, pledge, transfer, mortgage or otherwise encumber its interests in any of the Contracts so long as this Assignment is in effect, or consent to any transfer, assignment or other disposition thereof without the written approval of Lender. Each Contract entered into by Property Operator subsequent to the date hereof, the average annual consideration of which, directly or indirectly, is at least \$50,000 shall provide: (i) that it shall be terminable for cause; and (ii) that it shall be terminable, at Lender's option, upon the occurrence and continuance of an Event of Default;

(u) if no regulatory or licensing requirements currently apply to the Mortgaged Property and Property Operator is legally authorized to operate the Mortgaged Property as a

Seniors Housing Facility without a License as of the date hereof as set forth on Exhibit C, and if any licensing or similar regulatory requirement is imposed upon or otherwise becomes applicable to the Mortgaged Property, Property Operator shall obtain all Licenses required to lawfully operate the Mortgaged Property as a Seniors Housing Facility or shall ensure such licenses are obtained, and notify Loan Servicer of such licensing requirements, and shall maintain such Licenses in full force and effect, or shall ensure such Licenses are maintained in full force and effect;

(v) Property Operator covenants and agrees that it shall not perform any acts and has not executed, and shall not execute any instrument which would prevent Lender from exercising its rights under this Assignment;

(w) if Property Operator is a HIPAA Covered Entity or HIPAA Business Associate, Property Operator shall at all times remain in substantial compliance with applicable HIPAA requirements, including those concerning privacy, breach notification, security and electronic transaction standards.

10. Events of Default; Remedies.

(a) The occurrence of any one or more of the following shall constitute an "Event of Default" under this Assignment: (i) a default, a breach of a covenant or a failure to perform any obligation under this Assignment after the expiration of any applicable notice or cure period; (ii) the failure of any representation or warranty in this Assignment to be true and correct in any material respect when made; (iii) any "Event of Default" listed in Section 14.01 of the Loan Agreement; or (iv) a default under the Facility Operating Agreement after the expiration of any applicable notice or cure period thereunder. Borrower and Property Operator hereby acknowledge that any Event of Default by Borrower or Property Operator shall also constitute an Event of Default under the Loan Agreement. If an Event of Default has occurred and is continuing, Lender shall have the right to exercise all rights as owner of the Mortgaged Property under the Facility Operating Agreement.

(b) In the event Property Operator fails to use and operate the Mortgaged Property according to the Operating Covenants, Lender shall have the right to enforce the Operating Covenants directly against Property Operator in accordance with this Assignment and enforce the Operating Covenants directly against Borrower in accordance with the provisions of the Loan Documents.

(c) If (i) Property Operator fails to perform any of its obligations under this Assignment or causes a default under the Facility Operating Agreement after any applicable notice or cure periods, or (ii) any action or proceeding is commenced which purports to affect the Mortgaged Property, Lender's security, rights or interests under the Loan Agreement or any Loan Document, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Environmental Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender may, at its option, make such appearances, disburse such sums and take such actions as Lender reasonably deems necessary to

perform such obligations of Property Operator and to protect the Mortgaged Property, Lender's security, rights or interest, including (A) payment of fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants, (B) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (C) procurement of the insurance required by the Loan Agreement, and (D) payment of any amounts required under this Assignment, the Loan Agreement, or the Facility Operating Agreement which Property Operator has failed to pay. Any amounts disbursed by Lender under this Section 10, or under any other provision of this Assignment that treats such disbursement as being made under this Section 10, due to Property Operator's failure to perform its obligations under this Assignment or the Facility Operating Agreement, shall be immediately due and payable to Lender from Property Operator and shall become an additional part of the Indebtedness. The foregoing provisions shall not require Lender to incur any expense or take any action.

(d) If an Event of Default has occurred and is continuing, Lender shall have the right any time thereafter to terminate the Facility Operating Agreement without cause and without payment of any cancellation or termination fee, penalty or other liability, by giving written notice to Property Operator of its election to do so. Lender's notice shall specify the date of termination, which shall not be less than thirty (30) days after the date of such notice, except such lesser notice as Lender deems to be appropriate in the event of an emergency or impairment of Lender's collateral. Such termination right shall (i) supersede any limitation on termination rights contained in the Facility Operating Agreement, (ii) serve as consideration for the material benefit derived by Property Operator from Lender's approval of the Facility Operating Agreement and the making of the Mortgage Loan, and (iii) become effective pursuant to Lender's right after an Event of Default occurs and continues to exercise all rights of Borrower under the Facility Operating Agreement.

(e) On the effective date of termination of the Facility Operating Agreement, Property Operator shall turn over to Lender all books and records relating to the Mortgaged Property and the residents and tenants (copies of which may be retained by Property Operator, at Property Operator's expense), together with such authorizations and letters of direction addressed to residents, tenants, suppliers, employees, banks and other parties as Lender may reasonably require. A final accounting of unpaid fees (if any) due to Property Operator under the Facility Operating Agreement shall be made within sixty (60) days after the effective date of termination, but Lender shall not have any liability or obligation to Property Operator for unpaid fees or other amounts payable under the Facility Operating Agreement which accrue before Lender acquires title to the Mortgaged Property, or before Lender becomes a mortgagee in possession (other than as set forth in Section 10).

(f) If an Event of Default has occurred and is continuing, Property Operator shall furnish promptly to Lender evidence of deposits and withdrawals from any account held or controlled by Property Operator relating to the Mortgaged Property.

(g) If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies

provided by this Assignment or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies.

(h) If an Event of Default has occurred and is continuing, Lender or its designee may (in Lender's sole discretion) (1) direct Property Operator to pay Lender directly all Facility Operating Agreement Rent and other payments due under the Facility Operating Agreement, and (2) terminate Property Operator's authority to collect Accounts and notify the residents and account debtors that the Accounts have been assigned to Lender and, either in its own name or that of Property Operator, or both, demand, collect (including, through any lockbox arrangement, cash management arrangement or depository agreement prescribed by Lender), receive, give receipt for, sue for or give acquittance for any or all amounts due or to become due in respect of the Accounts, and may also, in its discretion, file any claim, institute any proceeding or take any other action that Lender may deem necessary or appropriate to protect and realize upon the security interest of Lender in the Accounts. All of Lender's collection expenses shall be charged to Borrower's account and added to the Indebtedness. If Lender is collecting the Accounts as above provided, Lender shall have the right to receive, endorse, assign and deliver in Lender's name or Property Operator's name any and all checks, drafts and other instruments for the payment of money relating to the Accounts, and Property Operator hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. If Lender is collecting the Accounts directly as above provided, Property Operator hereby constitutes Lender or Lender's designee as Property Operator's attorney-in-fact with power with respect to the Accounts to: (i) endorse Property Operator's name upon all notes, acceptances, checks, drafts, money orders or other evidences of payment that may come into Lender's possession; (ii) notify the U.S. Post Office to change the address for delivery of mail addressed to Property Operator for the Mortgaged Property to such address as Lender may designate; and (iii) receive, open and dispose of all such mail addressed to Property Operator if such mail is related to the Mortgaged Property.

(i) If an Event of Default has occurred and is continuing, Lender may, without demand and without advertisement or notice, at any time or times, sell and deliver any or all Personalty held by or for it at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as Lender, in its sole discretion, deems advisable. Subject to the provisions of applicable law, Lender may postpone or cause the postponement of the sale of all or any portion of the Personalty by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale has been postponed or Lender may further postpone such sale by announcement made at such time and place. Without in any way limiting the foregoing, Lender shall, if an Event of Default has occurred and is continuing, have the right, in addition to all other rights provided herein or by law, to enter without legal process upon the Mortgaged Property (provided that such entry be done lawfully) for the purpose of taking possession of the Personalty, and the right to maintain such possession on the Mortgaged Property or to remove the Personalty or any part thereof to such other places as Lender may desire. Whether or not Lender exercises its right to take possession of the Personalty, Property Operator shall, upon Lender's demand, promptly assemble the Personalty and make it available to Lender at the Mortgaged Property.

(j) In order to induce Lender to lend funds under the Loan Agreement and approve the Facility Operating Agreement, Borrower and Property Operator hereby agree that at the option of Lender upon the occurrence of an Event of Default, Property Operator shall continue to provide all necessary services required under any applicable licensing or regulatory requirements. Property Operator agrees to fully cooperate with Lender and any receiver as may be appointed by a court, in (i) performing these services until such time as Lender has arranged for a replacement provider of the necessary services, and (ii) arranging an orderly transition of operating and management responsibilities to the receiver or a replacement provider of the necessary services (the "Transition Period"). Borrower and Property Operator agree to cooperate with Lender in arranging an orderly transition to a replacement Property Operator of all Licenses and governmental approvals necessary or reasonably required to operate the Mortgaged Property as a Seniors Housing Facility, and to execute promptly all applications, assignments, consents and documents requested by Lender to facilitate such transition.

(1) During the Transition Period, if Lender requires that Manager continue to provide services at the Mortgaged Property, for so long as no Event of Default by Manager or Operator has occurred under this Assignment, Manager shall be entitled to receive (without any right of set off) compensation from Rents for such services in accordance with the terms of the Management Agreement and Section 7 of this Assignment.

(2) During the Transition Period, if Lender requires that Operator continue to operate the Mortgaged Property pursuant to the Operating Lease or Sublease, as applicable, so long as no Event of Default by Operator or Manager has occurred under this Assignment, Lender shall, until such time that Lender terminates the Operating Lease or Sublease, recognize Operator's right to quiet enjoyment and possession of the Mortgaged Property under the terms of the applicable Operating Lease or Sublease. Lender's right to impose a lockbox arrangement as set forth herein shall be waived for so long as no Event of Default by Operator or Manager has occurred under this Assignment.

11. No Assumption of Obligations.

Borrower and Property Operator agree that Lender does not assume any obligations or duties of Borrower and Property Operator concerning the Facility Operating Agreement until and unless Lender shall exercise its rights hereunder.

12. Power of Attorney.

Borrower and Property Operator hereby irrevocably constitute and appoint Lender as Borrower's and Property Operator's attorney-in-fact to demand, receive and enforce their rights with respect to the provisions set forth in this Assignment, to give appropriate receipts, releases and satisfactions for and on Borrower's and Property Operator's behalf and to do any and all acts in Borrower's or Property Operator's names or in the name of Lender with the same force and effect as Borrower or Property Operator could do if this Assignment had not been made. The foregoing appointment shall be deemed to be coupled with an interest and irrevocable.

13. Consideration.

As consideration for the material financial benefit to be derived by Property Operator and Borrower as a result of Lender's approval of the Facility Operating Agreement, Property Operator and Borrower acknowledge receipt of good and valuable consideration for Property Operator's and Borrower's entry into this Assignment.

14. Modifications to Loan Documents.

Any amendments heretofore or hereafter made to any of the Loan Documents, other than this Assignment, shall not require the consent of Property Operator. Borrower shall be responsible for notifying Property Operator of any amendments to the Operating Covenants.

15. Lender Requests.

Within ten (10) days of written request of Lender, Property Operator shall promptly furnish to Lender copies of all Leases, Contracts, Licenses, books, records, monthly reports, statements of account, budgets, third party payment documentation, including reimbursement agreements, surveys, statements of deficiencies and plans of correction, and cost reports related to any payments or the right to receive payments from federal, state or local programs, boards, bureaus or agencies, and other items which Property Operator is required to maintain or otherwise maintains under the Facility Operating Agreement or the Operating Covenants or which Property Operator maintains for its own purposes with respect to the Mortgaged Property.

16. Notice.

(a) Process of Serving Notice.

All notices under this Assignment shall be:

(1) in writing and shall be:

(A) delivered, in person;

(B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested;

(C) sent by overnight courier; or

(D) sent by electronic mail with originals to follow by overnight courier;

(2) addressed to the intended recipient at its respective address set forth at the end of this Assignment; and

(3) deemed given on the earlier to occur of:

(A) the date when the notice is received by the addressee; or

(B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or any express courier service.

(b) Change of Address.

Any party to this Assignment may change the address to which notices intended for it are to be directed by means of notice given to the other parties to this Assignment in accordance with this Section 16.

(c) Default Method of Notice.

Any required notice under this Assignment which does not specify how notices are to be given shall be given in accordance with this Section 16.

(d) Receipt of Notices.

Borrower, Property Operator and Lender shall not refuse or reject delivery of any notice given in accordance with this Assignment. Each party is required to acknowledge, in writing, the receipt of any notice upon request by the other party.

17. Counterparts.

This Assignment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall constitute one and the same instrument.

18. Governing Law.

(a) This Assignment shall be governed by and construed in accordance with the laws of the Property Jurisdiction, and applicable federal law.

(b) Property Operator and Borrower agree that any controversy arising under or in relation to this Assignment shall be litigated exclusively in the Property Jurisdiction and Property Operator and Borrower irrevocably consent to service, jurisdiction, and venue of such course for any such litigation and waive any other venue to which Property Operator or Borrower might be entitled by virtue of domicile, habitual residence or otherwise.

19. Successors and Assigns.

This Assignment shall be binding upon Borrower, Property Operator and Lender and their respective successors, transferees and assigns, and shall inure to the benefit of and may be enforced by Lender and its successors, transferees and assigns. Borrower and Property Operator

shall not assign any of their respective rights and obligations under this Assignment without the prior written consent of Lender.

20. Entire Agreement; Amendments and Waivers.

This Assignment contains the complete and entire understanding of the parties as to its subject matter. No amendment to this Assignment will be valid unless it is made in writing and executed by the parties to this Assignment. No specific waiver or forbearance for any breach of any of the terms of this Assignment shall be considered as a general waiver of that or any other term of this Assignment.

21. Relationship of Parties.

Nothing contained in this Assignment shall constitute Lender as a joint venturer, partner or agent of Borrower or Property Operator, or render Lender liable for any debts, obligations, acts, omissions or representations of Borrower or Property Operator except as provided herein.

22. Enforceability.

The determination of invalidity, illegality or unenforceability of any provision of this Assignment, pursuant to judicial decree, shall not affect the validity or enforceability of any other provision of this Assignment, each of which shall remain in full force and effect.

23. Construction.

(a) The captions and headings of the sections of this Assignment are for convenience only and shall be disregarded in construing this Assignment.

(b) Any reference in this Assignment to an "Exhibit" or "Schedule" or a "Section" or an "Article" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit or Schedule attached to this Assignment or to a Section or Article of this Assignment. All Exhibits and Schedules attached to or referred to in this Assignment, if any, are incorporated by reference into this Assignment.

(c) Any reference in this Assignment to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(d) Use of the singular in this Assignment includes the plural and use of the plural includes the singular.

(e) As used in this Assignment, the term "including" means "including, but not limited to" or "including, without limitation," and is for example only and not a limitation.

(f) Whenever Borrower's or Property Operator's knowledge is implicated in this Assignment or the phrase "to Borrower's knowledge," "to Property Operator's knowledge" or a

similar phrase is used in this Assignment, Borrower's or Property Operator's knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower's or Property Operator's knowledge after reasonable and diligent inquiry and investigation.

(g) Unless otherwise provided in this Assignment, if Lender's approval, designation, determination, selection, estimate, action or decision is required, permitted or contemplated hereunder, such approval, designation, determination, selection, estimate, action or decision shall be made in Lender's sole and absolute discretion.

(h) All references in this Assignment to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(i) "Lender may" shall mean at Lender's discretion, but shall not be an obligation.

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IN WITNESS WHEREOF, Borrower, Lender, Operator, and Manager have executed this Assignment as of the day and year first written above.

BORROWER:

ARHC PPKLAOR01, LLC,
a Delaware limited liability company

By: Ventas Realty Capital Healthcare Trust Operating
Partnership, L.P., a Delaware limited partnership,
formerly known as
American Realty Capital Healthcare Trust
Operating Partnership, L.P., its sole member

By: Stripe Sub, LLC,
a Delaware limited liability company,
its general partner

By:  (SEAL)
Name: Brian K. Wood
Title: Vice President, ~~Secretary~~ and
Treasurer

Address: ARHC PPKLAOR01, LLC
c/o Ventas, Inc.
353 North Clark Street, Suite 3300
Chicago, IL 60654
Attention: Seniors Housing Operating
Portfolio Asset Management

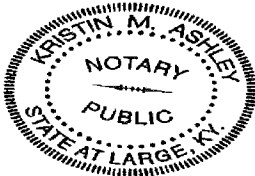
With copies to:

ARHC PPKLAOR01, LLC
c/o Ventas, Inc.
353 North Clark Street, Suite 3300
Chicago, IL 60654
Attention: Legal Department

ARHC PPKLAOR01, LLC
c/o Ventas, Inc.
~~10350 Ormsby Park Place, Suite 300~~ 500 North
Louisville, KY ~~40223~~ 40222 Hurstbourne
Attention: Seniors Housing Operating Suite 200
Portfolio Asset Management

STATE OF Kentucky,
COUNTY OF Jefferson } ss:

This instrument was acknowledged before me on February 23, 2018, by Brian R. Wood, Vice President & Treasurer of Stripe Sub, LLC, the general partner of Ventas Realty Capital Healthcare Trust Operating Partnership, L.P., a Delaware limited partnership, the sole member of ARHC PPKLAOR01, LLC, a Delaware limited liability company.



Kristin M. Ashley
Notary Public

My commission expires: 2/1/2020

LENDER:

FANNIE MAE, the corporation duly organized under the Federal National Mortgage Association Charter Act, as amended, 12 U.S.C. Section 1716 et seq, and duly organized and existing under the laws of the United States

By: RED MORTGAGE CAPITAL, LLC, a
Delaware limited liability company, as its
Attorney-in Fact

By: [Signature] (SEAL)
Name: Barry A. Fuller
Title: Senior Managing Director

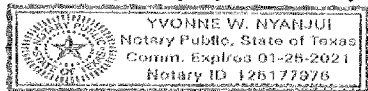
The name and chief executive office of Lender (as Secured Party) are:

Secured Party Name: Fannie Mae

Secured Party Chief Executive Office Address:
c/o Red Mortgage Capital, L.L.C
1717 Main Street, Suite 900
Dallas, Texas 75201

STATE OF ~~OHIO~~ Texas)
) ss:
COUNTY OF ~~FRANKLIN~~ Dallas)

This instrument was acknowledged before me on February 26, 2018, by Barry A. Fuller, as the Senior Managing Director of RED MORTGAGE CAPITAL, LLC, a Delaware limited liability company, as Attorney-in-Fact for FANNIE MAE.



[Signature]
Notary Public

My commission expires: 01/25/21

OPERATOR:

PELICAN POINTE AL MC GR, LLC
An Oregon limited liability company

By: GR LHC, LLC
An Oregon limited liability company
Its Manager

By: [Signature] (SEAL)
Name: Greg Rodcrick
Title: Manager

The name, chief executive office and organizational identification number of Operator (as Debtor under any applicable Uniform Commercial Code) are:
Debtor Name/Record Owner: Pelican Pointe AL MC GR, LLC
Debtor Chief Executive Office Address:
c/o Frontier Management, LLC
7420 Bridgeport Road #105
Portland, OR 97224
Attention: Greg Rodcrick, CEO & President

Debtor Organizational ID Number: 1309082-96

STATE OF Oregon)
COUNTY OF Washington) ss:

This instrument was acknowledged before me on February 26, 2018, by Greg Rodcrick, the Manager of GR LHC, LLC, an Oregon limited liability company, the manager of Pelican Pointe AL MC GR, LLC, an Oregon limited liability company.



Charity A. McInnis
Notary Public

My commission expires: 6/2/2019

Subordination, Assignment and Security
Agreement (Borrower and Property
Operator) (Seniors Housing)
Fannie Mae

Form 6446.SRS
01-16

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MANAGER:

FM PELICAN LLC

An Oregon limited liability company

By: Frontier Management, LLC
An Oregon limited liability company
Its Manager

By: [Signature] (SEAL)
Name: Greg Roderick
Title: Manager

The name, chief executive office and organizational identification number of Operator (as Debtor under any applicable Uniform Commercial Code) are:

Debtor Name/Record Owner: FM Pelican LLC

Debtor Chief Executive Office Address:

c/o Frontier Management, LLC

7420 Bridgeport Road #105

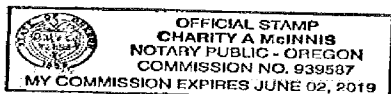
Portland, OR 97224

Attention: Greg Roderick, CEO & President

Debtor Organizational ID Number: 916534-94

STATE OF Oregon)
) ss:
COUNTY OF Washington)

This instrument was acknowledged before me on February 26, 2018, by Greg Roderick, the Manager of Frontier Management, LLC, an Oregon limited liability company, the manager of FM Pelican LLC, an Oregon limited liability company.



Charity A. McInnis
Notary Public

My commission expires: 6/2/19

EXHIBIT A
TO SUBORDINATION, ASSIGNMENT AND SECURITY AGREEMENT
Legal Description
(Insert complete Legal Description
of the Mortgaged Property)

LEGAL DESCRIPTION: Real property in the County of Klamath, State of Oregon, described as follows:

PARCEL 1:

THAT PORTION OF TRACT 40B LYING SOUTH AND WESTERLY OF THE U.S.B.R. "A" CANAL AND EASTERLY OF WASHBURN WAY AND ALL OF TRACT 40C, ENTERPRISE TRACTS, IN THE COUNTY OF KLAMATH, STATE OF OREGON.

EXCEPTING THEREFROM THAT PORTION DEEDED TO KLAMATH COUNTY IN VOLUME 335, PAGE 87, AND PARCEL DEEDED TO UNITED STATE OF AMERICA FOR CANALS AND LATERALS RECORDED JUNE 25, 1909 IN VOLUME 27, PAGE 236 AND IN VOLUME 38, PAGES 209 AND 210, ALL DEED RECORDS OF KLAMATH COUNTY, OREGON, AND THAT PORTION OF TRACT 40C DESCRIBED AS FOLLOWS:

BEGINNING AT A ONE-HALF INCH IRON PIN ON THE EAST RIGHT OF WAY LINE OF WASHBURN WAY, SAID POINT BEING NORTH 00° 20' 00" EAST ALONG THE CENTERLINE OF WASHBURN WAY AND ALONG THE WEST LINE OF SECTION 34 A DISTANCE OF 332.19 FEET AND SOUTH 89° 33' 03" EAST A DISTANCE OF 30.00 FEET FROM THE 5/8 INCH IRON PIN MARKING THE WEST ONE-QUARTER CORNER OF SECTION 34; THENCE NORTH 00° 20' 00" EAST ALONG THE EAST RIGHT OF WAY LINE OF WASHBURN WAY A DISTANCE OF 285.00 FEET TO A ONE-HALF INCH IRON PIN; THENCE SOUTH 89° 33' 03" EAST PARALLEL WITH THE NORTH LINE OF "MILLS GARDEN" SUBDIVISION A DISTANCE OF 472.43 FEET TO A ONE-HALF INCH IRON PIN; THENCE CONTINUING SOUTH 89° 33' 03" EAST A DISTANCE OF 29 FEET MORE OR LESS, TO THE WESTERLY RIGHT OF WAY LINE OF THE U.S.B.R. "A" CANAL; THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE IN THE NORTH LINE OF "MILLS GARDEN" SUBDIVISION; THENCE NORTH 89° 33' 03" WEST ALONG THE NORTH LINE OF "MILLS GARDEN" (SOUTH 89° 45' WEST BY SAID SUBDIVISION PLAT) A DISTANCE OF 20.96 FEET, MORE OR LESS, TO A TWO-INCH IRON PIPE; THENCE CONTINUING NORTH 89° 33' 03" WEST ALONG SAID SUBDIVISION LINE A DISTANCE OF 606.40 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ANY PORTION LYING WITHIN THE BOUNDARIES OF WASHBURN WAY.

PARCEL 2:

A TRACT OF LAND SITUATED IN TRACTS 40B AND 40C, ENTERPRISE TRACTS, IN THE NW 1/4 OF SECTION 34, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, IN THE COUNTY OF KLAMATH, STATE OF OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN LOCATED NORTH 0 DEGREES 24' WEST A DISTANCE OF 792.2 FEET FROM THE TWO-INCH PIPE MARKING THE INITIAL POINT OF "MILLS GARDENS" SUBDIVISION, SAID INITIAL POINT BEING NORTH 0 DEGREES 24' WEST A

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DISTANCE OF 15.0 FEET AND NORTH 89 DEGREES 45' EAST A DISTANCE OF 30.0 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 34 ACCORDING TO THE OFFICIALLY RECORDED PLAT OF SAID "MILLS GARDENS" SUBDIVISION; THENCE NORTH 0 DEGREES 24' WEST A DISTANCE OF 85.0 FEET TO AN IRON PIN; THENCE NORTH 89 DEGREES 36' EAST A DISTANCE OF 100.0 FEET TO AN IRON PIN; THENCE SOUTH 0 DEGREES 24' EAST A DISTANCE OF 85.0 FEET TO AN IRON PIN; THENCE SOUTH 89 DEGREES 36' WEST A DISTANCE OF 100.0 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION LYING WITHIN THE BOUNDARIES OF WASHBURN WAY.

EXHIBIT B
TO SUBORDINATION, ASSIGNMENT AND SECURITY AGREEMENT
Contracts
(List all Contracts currently encumbering the Mortgaged Property and identify any Multi-
property Contracts)

Sprague Pest Control
OHSU Continuing Education Contract
Netflix Contract
Medibag Contract
Leap Program Agreement
Salem Fire Alarm Agreement
Otis Elevator Agreement
Carter-Jones Collections Service, Inc. Agreement
Charter Cable Agreement
Beautician Agreement
American Backflow Testing Agreement
Consonus Pharmacy Agreement
A Place For Mom Referral Agreement
EWS Waste Management Agreement
Telecom Managers Group Agreement
Also Linc and/or Uniform Rental Service Agreement
ALF Software Solutions, LLC Software and Service Master Agreement
Medline Industries, Inc. Supply Agreement
Direct Supply Equipment & Furnishings Agreement
Illustratus Group Newsletter Service Agreement
Copesan Services, Inc. Pest Solutions Service Agreement
Institute for Professional Care Education
Office Depot Copier Lease Agreement
R & S Handyman Services Landscaping Service Agreement
LinkMedia 360 Service Agreement
United Mechanical Contractors, Inc. Service Agreement

EXHIBIT C
TO SUBORDINATION, ASSIGNMENT AND SECURITY AGREEMENT
Licenses

Seniors Housing Facility Type	(Check all that apply) Independent Living <input type="checkbox"/> Assisted Living <input checked="" type="checkbox"/> Alzheimer's/Dementia Care <input checked="" type="checkbox"/>
License: Assisted Living Facility License	Holder: <u>PELICAN POINTE AL MC GR, LLC</u> Issuer: <u>Oregon Department of Human Services</u> <u>– Seniors and People with Disabilities</u> Effective Date: March 1, 2018 Expiration Date: March 1, 2020 License renewal frequency: two (2) years Period to submit renewal application prior to License expiration: <u>45 days</u>
Residential Care Facility License	Holder: <u>PELICAN POINTE AL MC GR, LLC</u> Issuer: <u>Oregon Department of Human Services</u> <u>– Seniors and People with Disabilities</u> Effective Date: March 1, 2018 Expiration Date: March 1, 202 License renewal frequency: two (2) years Period to submit renewal application prior to License expiration: <u>45 days</u>

**EXHIBIT D
TO SUBORDINATION, ASSIGNMENT AND SECURITY AGREEMENT**

<u>Facility Operating Agreement Terms</u>	
Agreement Name and Parties	Lease Agreement by and between Borrower and Operator
Facility Operating Agreement Commencement Date	February 28, 2018
Facility Operating Agreement Rent Commencement Date	The "Delivery Date" as specified in the Lease Agreement
Primary Term of Facility Operating Agreement	The "Delivery Date" as specified in the Lease Agreement through December 31, 2028
Renewal Options under Facility Operating Agreement	one (1) option of ten (10) years each
Facility Operating Agreement Security Deposit	N/A
Rights or options to purchase, rights of first refusal to purchase or rights of first offer to purchase	None

<u>Management Agreement Terms</u>	
Agreement Name and Parties	Management and Consulting Agreement by and between Operator and Manager
Management Agreement Commencement Date	April 1, 2017
Facility Operating Agreement Rent Commencement Date	N/A
Primary Term of Management Agreement	1 years from April 1, 2017

Renewal Options under Management Agreement	1 year each
Facility Operating Agreement Security Deposit	N/A
Rights or options to purchase, rights of first refusal or rights of first offer	None

**SCHEDULE 1
EXCEPTIONS**

None