

AGREEMENT FOR CONVEYANCE OF THE SUSSEX NURSING CENTER, (the "Agreement") made this 2 day of ^{July} ~~July~~, 2012 (the "Effective Date"), by and between THE COUNTY OF SUSSEX, NEW JERSEY (the "County" or "Seller"), a public body corporate and politic of the State of New Jersey and SENTOSA CARE L.L.C. (the "Purchaser"), (the County and Purchaser sometimes referred to herein as "Parties").

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

WHEREAS, the County owns and operates the Sussex Homestead Nursing Center ("Nursing Home"), a fully licensed 102 bed nursing home facility located at 129 Morris Turnpike, Frankford, New Jersey; and

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

WHEREAS, the County has determined that the Nursing Home and real property, improvements and personal property associated therewith are no longer required for governmental purposes, and to effectuate the transfer of ownership and operation of the Nursing Home through to a private operator via (a) the sale or conveyance of the Nursing Home improvements, real property, and personal property, including but not limited to the Old Homestead building; and (b) the transfer of the County's license to operate the Nursing Home; and

WHEREAS, pursuant to a public meeting held on June 13, 2012, the County agreed to issue a Notice of Sale to sell the Nursing Home Assets and at a public meeting held on June 27, 2012, the County issued an Amended Notice of Sale; and

WHEREAS, the County accepted the bid of the Purchaser at a public meeting held on July 26, 2012, and has agreed to sell and transfer the Nursing Home Assets (as defined herein), pursuant to the terms of this Agreement and the Notice of Sale (as defined herein); and

WHEREAS, the County and the Purchaser desire to enter into this Agreement to establish the terms and conditions under which the Purchaser will acquire the Nursing Home Business Assets (as defined herein) and the Nursing Home Real Property (as defined herein) and the term and conditions under which the County will transfer the Nursing Home License (as defined herein), the Nursing Home Real Property and the Nursing Home Business Assets to the Purchaser.

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

GENERAL

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

"**Acquisition Price**" means the price to be paid by the Purchaser to the County under this Agreement for the purchase of the Nursing Home Assets.

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

"**Agreement**" means this "Agreement for the Conveyance of the Sussex Nursing Center," including the Exhibits and Schedules hereto and any written amendments hereof or supplement hereto that may be executed from time to time by the Parties hereto.

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

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

"**Closing Date**" shall mean the earlier of November 1, 2012 or ten (10) days after the receipt of the DHSS Approval.

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

"**County**" means the County of Sussex, New Jersey, a political subdivision of the State of New Jersey.

"DHSS" means the New Jersey Department of Health, Senior Services, or any successor agency to which the powers of the DHSS have been transferred.

"DHSS Approval" means approval by the DHSS of the transfer of the Nursing Home License from the County to the Purchaser.

"Effective Time" means 12:01 am on the Closing Date.

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

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

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

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

"Notice of Sale" shall mean that certain Notice of Sale approved by the Seller on June 13, 2012, and amended by the Seller on June 27, 2012 setting forth the terms and conditions of the sale of the Nursing Home Assets.

"Nursing Home" means to the 102-bed long-term care facility, located at 129 Morris Turnpike, Newton, New Jersey 07860 that is presently owned and operated by the County.

"Nursing Home Assets" means, collectively, the Nursing Home Business Assets, the Nursing Home Licensed Capacity and the Nursing Home Real Property all as set forth in Section 2.2 hereof.

"Nursing Home Business Assets" means all assets of the Nursing Home (other than the Nursing Home Real Property and the Nursing Home Licensed Capacity) and the property located within and related to the operation and maintenance of the Nursing Home, including without limitation, (a) all equipment, machinery, fixtures, furniture, supplies, computers and software belonging to the Nursing Home and located within the Nursing Home Real Property, (b) medical and business records (to the extent that transfer of such records is permitted under the provisions of applicable law), (c) assignment of residents' trust accounts; (d) assignable rights under leases, contracts, accounts and franchises; and (e) such other tangible property as shall be agreed to by the County and the Successful Bidder.

"Nursing Home License" means the license issued by the DHSS to the County, pursuant to which the County operates the Nursing Home as a 102-bed long-term care health care facility, together with all other rights and obligations the County may have.

"Nursing Home Licensed Capacity" means the number of licensed beds (102) at the Nursing Home, as evidenced by the License.

"Nursing Home Real Property" means the Nursing Home building, the Old Homestead building and the real property located at 129 Morris Turnpike, Frankford, New Jersey, all as more fully set forth in Exhibit "A" attached hereto.

"Permitted Encumbrances" means those conditions of title set forth in the Title Report issued by Premium Title Search, Inc., dated August 1, 2011, and attached hereto as Exhibit "B" and any of the following encumbrances to the extent that such encumbrances do not materially impair the ability of the Purchaser to utilize the Nursing Home Real Property in the manner contemplated by the terms of this Agreement:

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

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

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

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

(e) present or future zoning laws and ordinances.

"Phase I Report" means that certain environmental assessment report provided to the Purchaser by the Seller conducted by CME Associates dated May, 2012.

"Purchaser" means Sentosa Care L.L.C., or its successors or permitted assigns.

"Seller" means the County of Sussex, or its successors or assigns.

"State" means the State of New Jersey.

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

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

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

ARTICLE II

CONVEYANCE OF THE NURSING HOME ASSETS

Section 2.1 General. In order to effectuate the transactions contemplated by this Agreement, on the terms and conditions set forth below, (i) in accordance with the provisions of N.J.S.A. 40A:12-13.1 *et seq.* the County shall, on the Closing Date, convey the Nursing Home Real Property and the Nursing Home Business Assets to the Purchaser; and (ii) assign and transfer to the Purchaser the Nursing Home License and any and all rights the County may have in respect of licensed and/or approved beds at the Nursing Home.

Section 2.2 Description of Nursing Home Real Property and Assets.

(a) Real Property. The Nursing Home Real Property being conveyed by the County to the Purchaser is a portion of the property currently designated Block 21, Lot 4, on the Tax Map of the Township of Frankford, County of Sussex New Jersey, as more particularly described in Exhibit "A" attached hereto.

In conveying the Nursing Home Real Property, County shall also convey to the Purchaser all right, title, and interest of County, if any, in and to (i) all privileges appurtenant or related to the Nursing Home Real Property, and (ii) all easements, rights-of-way of use, privileges, licenses, appurtenances and rights belonging or appertaining to the Nursing Home Real Property, except for those easements reserved or to be reserved for the sole benefit of the County or for the mutual benefit of the Parties, as set forth in Exhibit "C" attached hereto.

(b) Nursing Home Business Assets.

(i) Licensed Long-Term Care Beds. All right, title and interest to One Hundred Two (102) licensed long-term beds comprising of the Nursing Home License Capacity under the Nursing Home License.

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

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

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

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

(vi) Intellectual Property. To the extent assignment is permitted by any third party owner, all intellectual property relating to, or used in connection with the operation of, the Nursing Home and/or the Nursing Home Real Property all as specified on Schedule 2.2(b)(vi), and all rights to recover for infringement thereon.

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

(viii) Permits. To the extent assignable, all right, title, and interest of the Seller in, to, and under all permits and licenses (the "Permits") relating to, or used in connection with the operation of, the Nursing Home and the Nursing Home Real Property, or relating to the use, operation or enjoyment of the Nursing Home Assets including without limitation the Permits listed on Schedule 2.2(b)(viii), except those permits and licenses issued in connection with the sewage treatment plant servicing the Nursing Home, which is owned and to be retained by the Seller.

(ix) Personal Property Leases. To the extent assignable, all right, title, and interest of the Seller in, to, and under the personal property leases (the "Leases") listed on Schedule 2.2(b)(ix), and all rights (including rights of refund and offset), privileges, deposits, claims, causes of action, and options in favor of the Seller relating or pertaining to the Leases or any thereof.

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

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

(xii) Patient and Supplier Data. All patient lists and patient data, vendor lists and vendor data, supplier lists and supplier data, and sales and promotional material and other sales related material relating to, or used in connection with the operation of, the Nursing Home.

(xiii) Surveys, Maps, and Diagrams. All surveys, maps, and building and machinery diagrams and plans in the possession of the Seller relating to the Nursing Home Assets.

(xiv) Deposits. All right, title, and interest of the Seller in and to all of the PMA and resident security deposits.

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

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

Section 2.3 Excluded Assets. Notwithstanding any statement or provision contained in this Agreement to the contrary, all Nursing Home Assets not otherwise set forth in Section 2.2 and which are associated with Seller's operations of the Nursing Home are not intended by the parties to be a part of the Nursing Home Assets that are being purchased hereunder and are hereby expressly excluded from such purchase and the definition of the term "Assets" (collectively, the "Excluded Assets") including but not limited to:

(a) cash and cash equivalents as of the Closing Date, including investments in marketable securities, certificates of deposit, bank accounts, temporary investments, and the prepaid expenses and deposits.;

(b) all accounts receivable arising out of or relating to all periods ending prior to the Closing Date, whether or not reflected on the Financial Statements, including all accounts receivable arising from the rendering of services and provision of medicine, drugs and supplies to patients at the Nursing Home prior to the Effective Time, all in accordance with Section 4.2(m) hereof;

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

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

(e) all intercompany accounts of Seller and its affiliates;

(f) all Inventory, prepaid expenses and other Assets disposed of, expended or exhausted prior to the Closing Date, at the Effective Time, in the ordinary course of business and items of equipment and other Nursing Home Business Assets transferred or disposed of prior to the Closing Date in a manner permitted in this Agreement;

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

(h) except for the policy and procedure manuals that constitute Nursing Home Assets under Section 2.2(b)(xi), above, Seller's employee or operation manuals, third Party reimbursement systems and manuals, policies and procedures, and all information that does not pertain to the continuing operations of the Nursing Home;

(i) rights of recovery, rights of setoff, claims, defenses, demands and causes of action of any nature available to or being pursued by Seller at the Closing Date, that arise out of the operations of the Nursing Home or the Nursing Home Assets prior to the Effective Time,

whether or not accrued and whether or not disclosed, and all rights and defenses in respect of indebtedness and other obligations not assumed by Purchaser hereunder;

(j) rights to tax refunds or claims under or proceeds of insurance policies (except as set forth in Section 5.1) related to the Nursing Home or the Nursing Home Assets resulting from periods prior to the Closing Date, and the right to pursue appeals of the same;

(k) the intellectual property not used at the Nursing Home;

(l) other than the Intellectual Property and the Trade Names, all trade names, trademarks and service marks (or variations thereof), copyrights, symbols, logos, domain names, email addresses and any other business names that are proprietary to Seller, all goodwill associated therewith, and all applications and registrations associated therewith, together with any promotional material, stationary, supplies or other items of inventory bearing such names or symbols or abbreviations or variations thereof;

(m) other than the Computers, all software installed on personal computers or servers owned by Seller and located at the Facility or such other location of the County, together with all computer or software manuals, procedures and other materials relating thereto;

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

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

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

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

(r) accrued payroll and taxes relating thereto; and

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

Section 2.4 Acquisition Price for Nursing Home Assets.

(a) With respect to the conveyance of the Nursing Home Real Property and the Nursing Home Business Assets by the County to the Purchaser, the Purchaser shall pay the Acquisition Price to the County. The Acquisition Price shall be a total of Seven Million Eight Hundred Fifty Thousand Dollars (\$7,850,000.00) and other good and valuable consideration set

forth in this Agreement. Except as specifically provided in this subsection (a), payment in full of the Acquisition Price by the Purchaser shall be made on the Closing Date by bank check, certified check, or wire transfer.

(b) The Purchase Price shall be satisfied by:

(i) The payment by the Purchaser of One Hundred Thousand Dollars (\$100,000.00) at time of bid plus Six Hundred Eighty Five Thousand (\$685,000.00) Dollars upon the execution of this Agreement as a deposit (the "Deposit"), which Deposit shall be non-refundable and immediately released to the Seller; and

(ii) At Closing, after applying the Deposit, delivery of Seven Million Sixty Five Thousand (\$7,065,000.00) Dollars by the Purchaser to the Seller in immediately available funds, by certified check, bank check, or electronic wire transfer to Seller's designated bank account, representing the balance of the Acquisition Price.

(c) As of the Closing Date, expenses of a recurring nature that are incurred in connection with the Nursing Home in the ordinary course of business, including those set forth below, shall be prorated in accordance with generally accepted accounting principles, so that all such expenses for periods on or prior to the Closing Date at the Effective Time shall be for the account of the County, and all such expenses for periods after the Closing Date at the Effective Time shall be for the account of the Purchaser and any such adjustments shall be added or deducted from the Acquisition Price, as the case may be.

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

(ii) All amounts prepaid or payable under the leases, contracts, accounts and franchises being transferred hereunder shall be apportioned as of the Closing Date.

(iii) Any and all roll-back taxes shall be the sole responsibility of Purchaser.

(iv) In the event that any of such items cannot be determined at or prior to Closing the parties agree to adjust such items as soon as determinable after Closing, which obligation shall survive Closing.

Section 2.5 Deposit.

(a) Upon the execution and delivery of this Agreement to Seller or Seller's attorney, the Purchaser shall pay the Deposit to the Seller. The Deposit shall be applied to the

Acquisition Price in accordance with this Agreement and shall be deemed fully earned by the Seller upon receipt and payment thereof by the Purchaser.

Section 2.6 Allocation of Purchase Price. Purchaser and Seller agree to allocate the Purchase Price in accordance with the allocation set forth on Schedule 2.6, to be bound by such allocation, to account for and report the purchase and sale of the Nursing Home Assets contemplated hereby for federal and state tax purposes in accordance with such allocations, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), that is inconsistent with such allocations without the prior written consent of the other Party. In this regard, the Parties agree that, to the extent required, they will each properly prepare and timely file form 8594 in accordance with Section 1060 of the Internal Revenue Code, as amended (the "Code").

Section 2.7 Representations of County.

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

(i) The County has provided the Purchaser with a survey with respect to the Nursing Home Real Property.

(ii) The County represent that the County has or will have on the Closing Date, good, valid and marketable title to the Nursing Home Real Property, subject to the Permitted Encumbrances. Marketable title, for purposes of this subsection 2.7(a) shall be such title as will be insured at regular rates by the Title Insurer on the ALTA Policy, without exception, except for Permitted Encumbrance.

(b) With respect to the Nursing Home Business Assets, the County represents to the Purchaser, the County shall convey to the Purchaser at the closing all of its right, title, and interest in and to the Nursing Home Business Assets by bills of sale and other appropriate documents reasonably satisfactory to Purchaser.

Section 2.8 Closing. The consummation of the sale and purchase of the Nursing Home Assets and the other transactions contemplated by and described in this Agreement (the "Closing") shall take place at Sussex County Administrative Center, One Spring Street, Newton, New Jersey 07860, or at such other location as the Parties may mutually designate in writing on the Closing Date.

Section 2.9 Title and Costs.

(a) Purchaser and Seller acknowledge that title to the Nursing Home Assets will be transferred to Purchaser at Closing.

(b) All costs relating to the sale and settlement of the Nursing Home Assets, shall be the sole obligation of the Purchaser, including but not limited to, recording the deed, for any and all transfer tax associated with the transfer (including but not limited to any mansion tax), all searches and title search fees, all survey fees, all title company settlement charges and title insurance costs, all of Purchaser's closing expenses (including legal fees), all settlement

fees, all environmental investigations, Purchaser's insurance fees, Purchaser's appraisal fees, and any other and all other costs associated with the transfer of all real and personal property, all licensing and permitting normally and customarily paid by purchasers.

Section 2.10 Brokerage. Purchaser warrants and represents to Seller that Purchaser has not dealt with any broker, agent or other party who might be deemed to be entitled to a commission or finder's fee in connection with the transactions contemplated under this Agreement, except for Marcus & Millichap ("Broker"), whose total commission or fee (if any) relates to the Acquisition Price for all Nursing Home Assets subject of this Agreement. Purchaser will indemnify, defend and hold harmless Seller from and against any claim for a commission or finder's fee made by any other party by, through or under Purchaser, and Seller will indemnify, defend and hold harmless Purchaser from and against any claim for a commission or finder's fee made by any party by, through or under Seller, including Broker. This Article shall survive the Closing or other termination of this Agreement.

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

Section 2.12 DHSS Jurisdiction and Jurisdiction of Other Governmental Body The Purchaser shall be responsible for submitting an application for transfer of the Nursing Home License, within five (5) days of Effective Date, and provide copies of such submissions to the County simultaneously upon submission to DHSS. Purchaser shall use all reasonable efforts and due diligence in the procurement of such approval and Seller shall reasonably cooperate in such effort. The County shall cooperate with the Purchaser in providing information that is reasonably required by the Purchaser in, connection with the review and/or approval by the DHSS of the Purchaser's application for transfer of the Nursing Home License. Any information that has been filed with the DHSS (except any information that has been identified in such filing as proprietary or confidential and has been accorded protected or confidential status by such regulatory agency) or otherwise has been made available to the public shall not, under any circumstances, constitute confidential or proprietary information.

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

Section 2.14 Executory Contracts. Prior to the execution of this Agreement the Purchaser shall provide written notice to the Seller of all of Seller executory contracts described in Sections 2.2(b)(ix) and 2.2(b)(x) which the Purchaser desires to accept (the "Assumed Contracts"). All of such contracts which Purchaser does not notify Seller, as set forth above, shall be terminated pursuant to each contract's term at or prior to Closing.

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

Section 2.16 Closing Deliverables.

(a) On the Closing Date, as a condition precedent to the obligation of the Purchaser hereunder, the Seller shall deliver to the Purchaser the following (unless expressly waived in writing by the Purchaser):

(i) Bill of Sale. A signed counterpart page to the Bill of Sale in the form attached hereto as Exhibit "D";

(ii) Deed. A bargain and sale deed with covenants against grantor's acts, duly executed and acknowledged by Seller and in proper form for recording and a customary affidavit of title duly executed and acknowledged by Seller;

(iii) Authorizing Resolutions. Resolution(s) of the County Board of Chosen Freeholders authorizing the County to execute this Agreement and the closing documents, which resolution(s) shall be certified to be true copies by the Clerk of the Board of the County;

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

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

(vi) Physical Possession. Actual physical possession of the Property;

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

(viii) Manuals. All instructions, manuals and warranties that relate to any equipment used at the Nursing Home to the extent in Seller's possession; and

(ix) Other Documents. Such further documentation as the Purchaser or its attorneys may reasonably request.

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

(i) Purchase Price; Deposit; Closing Date Payment. The Purchaser shall deliver the Purchase Price to the Seller;

(ii) Bill of Sale. A signed counterpart page to the Bill of Sale in the form attached hereto as Exhibit "D";

(iii) Transfer of License. The Approvals from the DHSS to transfer the Nursing Home License to the Purchaser;

(iv) Realty Transfer Fees. Purchaser shall be responsible for any and all real estate transfer fees required by the laws of the State to be paid;

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

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

(vii) Lease. A lease in such form attached hereto as Exhibit "B".

(viii) Other Documents. Such further documents as the Seller or their attorney may reasonably request.

Section 2.17 Seller's Disclosures to Purchaser. The County has delivered the following documents to the Purchaser prior to or simultaneously with the execution of this Agreement:

(a) A copy of the most recent survey and inspection report for the Nursing Home issued by DHSS and/or any Governmental Body;

(b) A copy of the Phase I Report; and

(c) Those documents located on the database website <https://liaison3.marcusmillichap.com/BJDDIYV3>.

The County does not make any representations or warranties, other than as may be set forth herein as to the accuracy or completeness of any of the documents listed in this Section 2.17.

Section 2.18 Assumed Liabilities. As of the Closing Date and in connection with the conveyance of the Nursing Home Assets to Purchaser, Purchaser agrees to assume, as of the

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

Section 2.19 Excluded Liabilities. Except solely for the Assumed Liabilities, all of Seller's liabilities and obligations, including all liabilities arising out of or relating to the Nursing Home Assets other than the Assumed Liabilities arising prior to the Effective Date, shall remain the sole responsibility of, and shall be satisfied by, Seller, including the following: (a) any liability, indebtedness, commitment, or obligation of Seller, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising; (b) any liability or obligation arising out of or relating in any manner to the conduct or operation of the Nursing Home prior to the Effective Closing Date, including any overpayments made by Medicare or Medicaid for services rendered at the Nursing Home prior to the Closing Date; (c) any liability or obligation arising out of or relating to the ownership or use of the Nursing Home Assets prior to the Effective Date, whether (in any case) fixed or contingent, recorded or unrecorded, known or unknown, currently existing or hereafter arising, and whether or not set forth or described in the schedules hereto; or (d) any obligations or liabilities with respect to any Excluded Assets (all of the foregoing, collectively, the "Excluded Liabilities").

Section 2.20 Lease to County. Notwithstanding anything to the contrary contained in this Agreement the Purchaser hereby agrees to lease to the County such portion of the Nursing Home Real Property currently owned by the County and used for office space and medical and supply storage, as set forth in Exhibit "E" attached hereto. Such Lease shall be for a period of one year from the date of closing and shall be for an amount of \$1 per year, upon the terms and conditions set forth in the Lease attached hereto as Exhibit "E". Upon closing the parties hereby agree to execute said Lease.

Section 2.21 Water Service/Sewer Agreement. The Purchaser hereby acknowledges that the Nursing Home Facility is serviced by a private water and a private sewer system. The County shall retain a right and easement for the use of the water provided from the wells on the Nursing Home Real Property. The Purchaser further agrees that it shall enter into an Agreement, as set for the in Exhibit "F", attached hereto regarding the Purchaser's use and payment for access to the private sewer system owned and operated by the County.

ARTICLE III

ENVIRONMENTAL CONDITIONS; DUE DILIGENCE; INSPECTIONS

Section 3.1 Due Diligence.

(a) Purchaser hereby confirms that the Purchaser has conducted any and all inspections of the Nursing Home Assets, (which, for purposes of this Article III, shall be called the "Premises"), and completed any due diligence in connection therewith, including, without limitation, financial review, title, flood, tidelands and zoning investigation, structural investigation, soil tests, surveys, engineering studies, geo-technical studies, environmental studies and investigations and physical inspections of the Premises (the "Investigations"). Prior to bidding on the Property and the execution of this Agreement.

Section 3.2 Environmental Conditions.

(a) County has provided the Purchaser with the Phase I Report concerning the environmental conditions at the Premises.

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

(c) This Section 3.2 shall survive the Closing.

ARTICLE IV

REPRESENTATIONS AND COVENANTS

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

(a) The Purchaser is a limited liability company organized and existing under, and governed by, the laws of the State of New York, and it is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable the Purchaser to perform its obligations under the terms of this Agreement. No act of Bankruptcy has been commenced by or against the Purchaser. The execution of this Agreement, and the performance of all obligations under this Agreement, have been authorized by all required action of the Purchaser, all as required by the charter, by-laws and Applicable Laws that regulate the conduct of the Purchaser's affairs. The execution of this Agreement and the performance of all

obligations set forth herein do not conflict with and do not constitute a breach of or event of default under any charter or by-laws of the Purchaser, or any agreement, indenture, mortgage, contract or instrument to which the Purchaser is a party or by which the Purchaser is bound so that, upon execution hereof and upon satisfaction of the conditions herein contained, this Agreement constitutes the valid, legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except to the extent that enforcement thereof is limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of the general principles of equity.

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

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

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

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

(f) Track Record. Neither the Purchaser, nor any of its principals or affiliates operates, controls, or manages any health care facilities in the State of New Jersey and with respect to the Purchaser's Existing Facilities, to the best of the Purchaser's knowledge and belief, there have been no violations or enforcement actions that would cause the denial of the transfer of ownership application pursuant to N.J.A.C. 8:43-4.10. None of the Purchaser's principals have a history of criminal convictions of the type that would preclude approval of the application for licensure in accordance with State law.

(g) Residents. Purchaser agrees that to the extent practicable all persons who are residents of the Nursing Home on the Closing Date shall continue to be residents after the Closing Date, and no resident shall be transferred by Purchaser to another facility without his or her express, written consent. Purchaser agrees further that it will accept Medicaid-eligible persons as residents of the Nursing Home to the extent allowed by law, and will endeavor to accept all such persons for whom the Nursing Home is a last resort because of their financial status. Purchaser will give priority to Medicaid-eligible residents of the County, to the extent

permitted by law. In addition, the Purchaser shall, to the extent permitted by law, provide a minimum of 65% of the beds as available for residents of the County and/or their family members for a minimum of 10 years. The Purchaser shall, to the extent permitted by law, assign a minimum of 65% of the beds to government subsidized payees/residents for a minimum of 10 years.

(h) Employment by Purchaser. Prior to or contemporaneously with the Closing Date, Purchaser shall consider the employment of any County Employee(s) employed by the County at the Nursing Home who express an interest (through written application or other means provided by Purchaser, a copy of the Purchaser's the Purchaser's employment application shall be provided to the County for distribution to the Nursing Home employees no less than thirty (30) days after the Effective Date) in being employed by the Purchaser. Nothing in this Agreement shall be construed to obligate Purchaser to employ all or any County Employee. All decisions concerning the hiring of County Employees and upon the terms and conditions of such employment shall be made by Purchaser in its sole discretion.

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

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

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

(c) The execution of this Agreement, and the performance of all obligations set forth herein do not conflict with, and will not, nor with the passage of time or the giving of notice, constitute a breach of or event of default under any charter, ordinances or resolutions of the County or any agreement, indenture, mortgage, trust, contract or instrument of Applicable Laws to which the County is a party or by which the County is bound. This Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, except to the extent that the enforcement thereof is limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditor' rights generally and the application of general principles of equity.

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

(e) The County has the power, authority and legal right to convey the Nursing Home Real Property and the Nursing Home Business Assets to the Purchaser under all Applicable Laws.

(f) Subject to DHSS Approval, the County has the power, authority, and legal right to transfer the Nursing Home License to the Purchaser under all Applicable Laws.

(g) There are no audits, active suits or proceedings that (i) challenge the use of the Nursing Home as a long-term healthcare facility, (ii) challenge or seek to change the Nursing Home Licensed Capacity, (iii) challenge or seek to change the conditions of operation of the Nursing Home set forth in the Certificate of Need, or (iv) challenge the Nursing Home's certification to participate in the Medicaid Program under Title XIX of the Social Security Act.

(h) The County is not a party to or obligated to contribute to any employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), guaranteed annual income plan, fund or arrangement, or any incentive, bonus, profit sharing, deferred compensation, or any employment or consulting agreement, or any noncompetition agreement, or any severance or termination plans or policies, hospitalization, disability or other insurance plan, or any other employee fringe benefit plans, or any collective bargaining agreements, or any other agreement, plan or arrangement similar to or in the nature of the foregoing, oral or written, in each case that relate to the Nursing Home, except those described on Schedule 4.2(j) hereto, true and correct copies of which were provided to Purchaser. Except as set forth on Schedule 4.2(j), the County has no unfunded liabilities on account of or in connection with any such plan, agreement or arrangement.

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

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

Upon the County's termination of the County Employees, any and all collective bargaining agreements ("CBA's") between them shall cease. In no event shall Purchaser be bound by any previous CBA's between the County and the County Employees except as set forth under Paragraph 4.1(h), and Seller shall indemnify and hold the Purchaser harmless from and

against any and all claims brought by any County employee(s) concerning salary, benefits or other terms of employment as mayor may not be described in the CBA's.

(k) Operation of Nursing Home Prior to Closing. During the period commencing on the Contract Date through and including the Closing Date, Seller shall continue to operate the Nursing Home in a manner consistent with its historical operation, and no material adverse change in the business operations of the Nursing Home or the Nursing Home Assets, shall have occurred, except for changes in the ordinary course of business, none of which, individually or in the aggregate, has been or will be material.

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

(m) Post Closing Reconciliations. Purchaser shall have the authority to use Seller's Medicare and Medicaid provider numbers and shall permit the electronic payment of said claims into Seller's bank accounts for services and goods provided by Purchaser following Closing from Medicare, Medicaid, and other third party insurance sources. All funds for services rendered and payments due to the County prior to the Effective Time, shall be the funds of the County and the Purchaser shall have no right of set off whatsoever against such funds, such funds for services rendered after Closing shall be the sole property of Purchaser. If the Buyer shall receive funds due to the Seller, the Seller and/or the Buyer shall provide to the other party upon receipt of such funds copies of Explanation of Benefits, Remittance Advice forms, and such other documents that specify the amount of benefits being paid to the Nursing Home, such party shall promptly remit such payments within two (2) business days of receipt to the other party, and from any sources whatsoever in the event such funds cannot be traced to a particular service date. Seller shall file or cause to be filed a final Medicaid cost report to the New Jersey Department of Health and Senior Services within five (5) months of closing or upon the due date established by regulation, whichever is sooner.

(n) Survival. The foregoing representations and warranties by Seller are true and complete as of the Contract Date and shall be true and complete on the Closing Date.

ARTICLE V

CASUALTY AND CONDEMNATION; ISRA

Section 5.1 Casualty. If at any time prior to Closing any of the Nursing Home Assets are destroyed or damaged as a result of fire or any other casualty ("Casualty"), Seller shall give written notice ("Casualty Notice") thereof to the Purchaser. If the Nursing Home Assets are the subject of a Casualty, the proceeds of any insurance with respect to the Nursing Home Assets paid between the date of this Agreement and Closing and any deductible payable by Seller (less amounts incurred by Seller in performing necessary repairs to protect the Nursing Home Assets) shall be paid to Purchaser at the time of Closing, and all unpaid claims and rights in connection with losses to the Nursing Home shall be assigned to Purchaser at Closing without in any manner affecting the Purchase Price. Risk of loss shall pass to Purchaser at Closing.

Section 5.2 Condemnation. If either: (i) all of the Nursing Home Real Property; or (ii) a substantial portion of the Nursing Home Real Property; is taken between the date of this Agreement and the date of Closing by the exercise of the power of eminent domain by any local, state, or federal body, Seller shall notify the Purchaser ("Condemnation Notice"). The Purchaser shall complete Closing at the full Purchase Price, and Seller shall allow a credit to Purchaser at Closing equal to the amount of condemnation proceeds actually paid to Seller prior to Closing and shall assign to the Purchaser all of Seller's rights to any unpaid claims in connection with the eminent domain award or compensation. If there is a taking of less than a substantial portion of the Property, the parties shall be obligated to close, and at Closing, Seller shall allow a credit to the Purchaser equal to the amount of condemnation proceeds actually paid to Seller prior to Closing, and Seller shall assign to the Purchaser all of Seller's rights to any unpaid claims in connection with the eminent domain award or compensation.

Section 5.3 ISRA.

(a) Seller and Purchaser mutually anticipate that the New Jersey Industrial Site Recovery Act, N.J.S.A. 13:1K, *et seq.* ("ISRA"), is not applicable to the sale of the Nursing Home Real Property hereunder.

ARTICLE VI

BREACHES AND DEFAULTS

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

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

- (a) Failure by the Purchaser (within five (5) days of the occurrence and notice of any event described in Section 6.1 above), to cure such breach; or
- (b) Any Act of Bankruptcy on the part of the Purchaser has occurred prior to satisfaction of the terms and conditions of this Agreement; or
- (c) The Purchaser shall fail to obtain the DHSS Approval contemplated in Section 1.3 of this Agreement; or
- (d) Purchaser is unable to consummate the transactions contemplated in this Agreement because it is unable to pay the Acquisition Price to the County as provided herein.

Section 6.3 Remedies of the County. The remedies for the occurrence of an Event of Default set forth under Section 6.2 hereof shall be, in addition to the retention of the Deposit, which is deemed fully earned upon payment, at the option of the County, either (a) a suit seeking specific performance by the Purchaser of the provisions of this Agreement and injunctive relief or to terminate this Agreement, (b) to seek reimbursement of such costs and expenses incurred by the County or indemnification from any losses incurred by the County, or (c) to pursue any other remedies that may be available to the at law or in equity. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

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

Section 6.5 Events of Default by County. Subject to the provisions of Section 6.4 hereof, failure by the County (within thirty (30) days of the occurrence and notice of any event described in Section 6.4 above), to cure such breach shall constitute an Event of Default by the County; provided however, that if the County is diligently pursuing such cure, and if in the reasonable judgment of the Purchaser, there is a reasonable likelihood that such breach will be cured within such ninety (90) day period, then failure to cure such breach shall not be considered to be an Event of Default until the 90th day after such breach has occurred or such notice has been provided, whichever is later.

Section 6.6 Remedies of Purchaser for Event of Default by County. The remedies for the occurrence of an Event of Default set forth under Section 6.5 hereof shall be the Purchaser may pursue a suit seeking specific performance by the County of the provisions of this

Agreement. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies (otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 6.7 Non-waiver. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient by the nonbreaching party in its sole discretion. No waiver of the occurrence of any Event of Default hereunder, whether by the Purchaser or the County, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereto.

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

Section 6.9 Indemnification.

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

(b) Indemnification by County. To the extent permitted by law, and subject to the limitations set forth in subsection (c) below, the County, agrees to protect, indemnify, defend, and hold Purchaser and its members, officers, trustees, affiliates, agents, legal representatives, successor and assigns, and each of them, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, damages, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing based upon, resulting from or directly arising out of (i) any breach or

violation of any representation, warranty, covenant, stipulation, agreement or certification by the County set forth in this Agreement or in any document delivered hereunder, provided such breach or violation has been determined to have occurred by a court of competent jurisdiction; or (ii) the breach by Seller of any other term or provision of this Agreement, provided such breach has been determined to have occurred by a court of competent jurisdiction; or (iii) any facts or events occurring prior to the Closing Date and connected with the Nursing Home Assets, the activities of Seller or the operation of the Nursing Home; or (iv) any Medicare or Medicaid claims concerning facts or events occurring prior to the Closing Date and connected with the operations of the Nursing Home; provided, however, that the indemnity shall not apply to any liability arising as a breach of this Agreement by Purchaser, so long as such breach has been determined to have occurred by a court of competent jurisdiction, or other act or omission by Purchaser occurring on or after the Closing Date; and provided further that with respect to claim made as described in (iv) of this Section 6.9(b), Purchaser shall direct requests for indemnification to the County, attention County Administrator.

ARTICLE VII

MISCELLANEOUS

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

Section 7.2 Utilization of Nursing Home as Nursing Home or Similar Facility; Preference to County Residents. Subsequent to acquisition or transfer, as the case may be, of the Nursing Home Real Property and the Nursing Home Business Assets from the County, and the Nursing Home License, under the terms of this Agreement, the Purchaser shall continue to utilize the Nursing Home Real Property as a geriatric center, nursing home facility, long-term care or similar healthcare-related facility for a period of at least fifteen (15) years. Although, as of the Contract Date, the Purchaser does not intend to sell or transfer ownership of the Nursing Home, the Purchaser may transfer ownership of the Nursing Home at any time (in accordance with Applicable Laws) as long as such transfer does not violate the requirements of this Section 7.2, and provided that Purchaser provides evidence, satisfactory to the County that the party to whom the Purchaser proposes to transfer the Nursing Home, has agreed to comply with the terms of this Section 7.2. To the extent permitted by Applicable Laws, subsequent to the Closing Date, the Purchaser agrees to give preference to residents of the County with respect to admissions. This Section 7.2 shall survive closing on the Closing Date.

Section 7.3 Dispute Resolution. Notwithstanding anything herein to the contrary, the Parties may resolve any disputes which may arise among them through any available legal or equitable procedure. In addition, the Parties may, on a case-by-case basis, agree to submit any such dispute to mediation as set forth in Schedule 7.3. Unless otherwise agreed to in writing or as provided below, the Parties shall continue to perform their respective obligations under this Agreement during any mediation, or other dispute resolution process.

Section 7.4 Further Assurances. Each party shall execute and deliver any instruments and perform any acts that may be necessary or reasonably requested in order to give full effect to

the terms of this Agreement. Each party shall use all reasonable efforts to provide such information, execute such further instruments and documents and take such action as may be reasonably requested by the other Parties; provided however, that such actions are not inconsistent with the provisions of this Agreement and do not involve the assumption of obligations other than those which are provided for in this Agreement to carry out the intent of this Agreement.

Section 7.5 Relationship of the Parties. Except as otherwise explicitly provided herein, or by Applicable Laws, no party to this Agreement shall have any responsibility whatsoever with respect to services that are to be provided or contractual obligations that are to be assumed by any other party and nothing in this Agreement shall be deemed to constitute any party a partner, joint venture participant, agent or legal representative of any other party or to create any fiduciary relationship between or among the Parties.

Section 7.6 Waiver. The waiver by any party of a default or of a breach of any provision of this Agreement by the other Parties shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by any party with knowledge of the existence of a default or breach shall not operate or be construed to operate as a waiver of any subsequent default or breach.

Section 7.7 Modification. Modifications, waivers or amendments of (or to the provision of) this Agreement shall be effective only if set forth in a written instrument signed by each party hereto after all corporate or other action regarding the authorization for such modification, waivers or amendments has been taken.

Section 7.8 Headings. The captions and headings in this Agreement are for convenience and ease of reference only and in no way define, limit or describe the scope or intent of this Agreement and such headings do not in any way constitute a part of this Agreement.

Section 7.9 Notices. Any notice or other communication which is required to be given hereunder shall be in writing and shall be deemed to have been validly given if faxed to the telephone number set forth below, delivered in person or mailed by certified or registered mail, postage prepaid, addressed as follows:

If to the County:

Sussex County Board of Chosen Freeholders
One Spring Street
Cochran Plaza
Sussex County Administrative Center
Newton, New Jersey 07860
Attn: Elaine Morgan
Telephone No.: 973-579-0240
Fax No.: 973-579-1124
E-mail : emorgan@sussex.nj.us

With Copies To:

Dennis R. McConnell, Esq.
Sussex County Counsel
Sussex County Administration Center
One Spring Street
Newton, New Jersey 07860
dmccconnell@sussex.nj.us
973-579-0230 ext 1112

And

David A. Weinstein, Esq.
Archer & Greiner, P.C.
One Centennial Square
Haddonfield, New Jersey 08033
Telephone No.: 856-795-212
Fax No.: 856-795-0574
E-mail: dweinstein@archerlaw.com

If to the Purchaser:

Sentosa Care, L.L.C.
Attn: Benjamin Landa
Telephone No.:

With copy to:

Morris Bienenfeld, Esq.
Wolff & Samson
One Boland Drive
West Orange, NJ 07052
Tel: 973-530-2013
Fax: 973-530-2213
Email: mbienen@woffsamson.com

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

Section 7.10 Successors and Assigns. This Agreement shall not be assignable by the Purchaser without the express written consent of the County, which consent shall be in the sole and absolute discretion of the County, and shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties, except that Purchaser shall be permitted on the date of closing of title to assign its interest to 129 Morris Turnpike Realty LLC and Homestead Rehabilitation & Health Care Center LLC. Those entities shall be established with Benjamin Landa as the Manager of each and with the majority and controlling interest in each. Benjamin Landa is the Manager of Purchaser and holds the majority and controlling interest in Sentosa Care L.L.C.

Section 7.11 As is No Representations or Warranties. Except as may otherwise be set forth in this Agreement, Purchaser acknowledges and agrees that neither Seller nor any agent or representatives of Seller have made, and Seller is not liable or responsible for or bound in any manner by any express or implied representations, warranties, covenants, agreements, obligations, guarantees, statements, information or inducements pertaining to the Condition of the Nursing Home Assets or any part thereof. Purchaser acknowledges, agrees, represents and warrants that it has had, and/or shall have had, the opportunity and has in fact, and/or shall have in fact, inspected the Nursing Home Assets and all matters respecting the Nursing Home Assets and is and/or shall be fully cognizant of the Condition of the Nursing Home Assets and that it has had, and/or shall have had, access to information and data relating to all of same as Purchaser has considered necessary, prudent, appropriate or desirable for the purposes of this transaction and that Purchaser and its agents and representatives have, and/or shall have had, independently inspected, examined, analyzed and appraised all of same. Purchaser acknowledges that Purchaser is and/or will be fully familiar with the Nursing Home Assets and Purchaser agrees to accept the Nursing Home Assets "AS IS", with all faults, in its current condition, subject to reasonable wear and tear. Seller shall maintain the Nursing Home Assets in its current condition until Closing. Purchaser shall be responsible at its sole cost and expense to obtain and satisfy all required governmental or regulatory inspection, certificate or other such transfer requirements prior to Closing. As used herein, "Condition of the Nursing Home Assets" shall mean the title and physical condition thereof, including all environmental matters, the quantity, character, fitness and quality thereof, merchantability, fitness for particular purpose, the income, expenses or operation thereof, the value and profitability thereof, the uses which can be made thereof, title to the Nursing Home Assets the structural and mechanical condition of the Nursing Home Assets, the buildings, structures and improvements situate thereon, the plumbing, heating, electric and ventilating systems (if any) serving the Nursing Home Assets and any other matter or thing whatsoever with respect thereto. In addition to, and without limiting the foregoing, Purchaser further acknowledges and agrees that the Nursing Home Assets is conveyed in its "as is" condition with respect to environmental matters, and Purchaser hereby assumes the risk that adverse past, present or future conditions may not be revealed in its inspection or investigation. Seller has in full force and effect liability and casualty insurance insuring the Nursing Home Assets, as appropriate. There have been in force since the acquisition of the Nursing Home Assets by the Seller policies of insurance protecting the Seller against all losses and claims, and there have been no gaps or lapses in such insurance coverage for such period.

Section 7.12 Severability. In the event that any provision of this Agreement shall be determined for any reason to be invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or to such other appropriate actions as, to the maximum extent practicable in light of such determination, shall implement and give effect to the intentions of the Parties as reflected herein. Notwithstanding such determination, such determination shall not invalidate or render any other provision hereof unenforceable.

Section 7.13 Governing Law. The obligations of the Seller and the Purchaser under the terms of this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New Jersey.

Section 7.14 Liability of Officers and Employees. Except to the extent provided by Applicable Laws, no officer, official, commissioner, trustee, agent, representative or employee of any Party or affiliates of the Purchaser shall be charged personally by the other party or held contractually liable there to under any term or provision of this Agreement, because of any Party's execution or attempted execution or because of any breach or alleged breach thereof; provided however, that all persons and Parties remain solely responsible for any of their own criminal or fraudulent actions.

Section 7.15 Third Party Beneficiaries. It is not intended that this Agreement make any Person or entity a third party beneficiary hereof, notwithstanding the fact that Persons or entities other than the Purchaser and the County may be benefited thereby.

Section 7.16 Merger Clause. This Agreement (including the Schedules hereto), together with the Notice of Sale constitutes the entire agreement and understanding of the Parties with respect to the conveyance of the Nursing Home Assets and all other matters addressed or referred to herein and supersedes all prior and contemporaneous agreements and understandings, representations and warranties, whether oral or written, relating to such matter.

Section 7.17 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the signature and seals thereto and hereto were upon the same instrument.

Section 7.18 Survival. All representations, warranties, covenants, stipulations, certificates, indemnities, and agreements contained herein or in any document delivered pursuant hereto shall survive the consummation of the transactions provided for in this Agreement.

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

ATTEST:

Elaine A. Morgan

Print Name: Elaine A. Morgan
Title: Clerk of the Board

WITNESS:

Patricia A. Sprung

ATTEST:

Print Name: _____
Title: _____

WITNESS:

SELLER:

SUSSEX COUNTY, NEW JERSEY

By: Phillip R. Crabb

Print Name: Phillip R. Crabb
Title: Freeholder Director

PURCHASER:

SENTOSA CARE, L.L.C.

By: Benjamin Landa

Print Name: Benjamin Landa
Title: _____
