

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:	Case No.: 24-21217-CMB
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,¹	Chapter 11
Debtors.	<i>Jointly Administered</i>
	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,	Related to Document No.
Movant,	Hearing Date: July 1, 2024
-vs -	Hearing Time: 10:00 AM (EST)
CIBC BANK USA, GPH CANONSBURG LP, GPH MONROEVILLE LP, GPH MURRYSVILLE LP, GPH MT. LEBANON LP, and PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES,	Response Deadline: 10:00 AM (EST) on June 24, 2024
Respondents.	

**THE CUARZO DEBTORS' MOTION FOR ENTRY OF AN ORDER:
(A) AUTHORIZING THE PRIVATE SALE OF THE CUARZO DEBTORS' ASSETS;
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND (C) GRANTING RELATED RELIEF**

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

Debtors Monroeville Operations, LLC; Mt. Lebanon Operations, LLC; Murrys ville Operations, LLC, and South Hills Operations, LLC (collectively “Cuarzo Debtors”), as debtors and debtors in possession in the above-captioned jointly administered chapter 11 case (the “Chapter 11 Cases”), file this motion (the “Motion”), pursuant to Sections 363(b), (f), and (m) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), and Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of an order (the “Sale Order”), substantially in the form attached hereto as **Exhibit A**, granting the following relief:

- a. approving and authorizing the sale of the assets, other than accounts and certain other excluded assets, used in the operation of the four skilled nursing facilities operated by Cuarzo Debtors (the “Purchased Assets”) pursuant to the Operations Transfer Agreements attached hereto as **Exhibit B**, as modified by this Motion (collectively, the “OTAs”) ² free and clear of any and all interests in the Purchased Assets pursuant to Sections 363(b) and (f) of the Bankruptcy Code, on an “as is, where is” basis, without any representations or warranties, except as expressly provided in the OTAs;
- b. approving and authorizing procedures for the assumption and assignment of certain executory contracts or unexpired leases relating to the Purchased Assets (collectively, the “Executory Contracts”) and for determining the amounts necessary to cure any monetary defaults under such Executory Contracts (the “Cure Amounts”);
- c. approving agreed-upon modifications to the OTAs as set forth herein; and
- d. granting related relief.

Concurrently with the filing of this Motion, the Cuarzo Debtors are filing the following declarations in support of the relief requested: (1) the *Declaration of Trey Marinello* (the “Marinello Declaration”) attached hereto as **Exhibit C**, and (2) the *Declaration of Louis E. Robichaux, IV* (the “Robichaux Declaration”) attached hereto as **Exhibit D**.

In support of the Motion, the Cuarzo Debtors respectfully state as follows:

² Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Operations Transfer Agreements.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. Venue of the Chapter 11 Cases in the district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). This Court has the constitutional authority to enter final orders with respect to the relief requested herein; notwithstanding, if it is later determined that, in the absence of the consent of the parties, this Court does not have the requisite constitutional authority to enter final orders or judgments, the Cuarzo Debtors hereby confirms their consent to the Court entering final orders or judgments on this Motion.

2. The statutory and legal predicates for the relief requested herein are Sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

BACKGROUND

3. On May 17, 2024 (the “Petition Date”), the Cuarzo Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

4. The Cuarzo Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases and no committees have yet been appointed.

5. Additional factual background regarding the Cuarzo Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Louis E. Robichaux IV, Chief Restructuring Officer of the Debtors, in Support of Chapter 11 Petitions and Various First Day Applications and Motions* (Doc. No. 20) (the “First Day Declaration”), which is incorporated herein by reference.

A. The Cuarzo Facilities (Murrysville, South Hill, Mt. Lebanon, and Monroeville).

6. The subject of this Motion are four skilled nursing facilities in the greater Pittsburgh area (collectively, the “Cuarzo Facilities”): (i) a 120-bed licensed skilled nursing facility known as “Mt. Lebanon Rehabilitation and Wellness Center” located at 350 Old Gilkeson Road, Pittsburgh, PA 15228-1063 (the “Lebanon Facility”); (ii) a 120-bed licensed skilled nursing facility known as “Murrysville Rehabilitation and Wellness Center” located at 3300 Logans Ferry Road, Murrysville, PA 15668-1205 (the “Murrysville Facility”); (iii) a 104-bed licensed skilled nursing facility known as “South Hills Rehabilitation and Wellness Center” located at 201 Village Drive, Canonsburg, PA 15317-2368 (the “Canonsburg Facility”); and (iv) a 120-bed licensed skilled nursing facility known as “Monroeville Rehabilitation and Wellness Center” located at 4142 Monroeville Boulevard, Monroeville, PA 15146-2608 (the “Monroeville Facility”). The Cuarzo Facilities offer short-term care, long-term care, and outpatient rehabilitation services.

7. Each of the Cuarzo Facilities is operated by a Cuarzo Debtor whose sole purpose is the operation of such facility: (i) Murrysville Facility is operated by Murrysville Operations LLC; (ii) Canonsburg Facility is operated by South Hill Operations LLC; (iii) Monroeville Facility is operated by Monroeville Operations LLC; and Lebanon Facility is operated by Mt. Lebanon Operations LLC.

8. As explained in more detail below, the Cuarzo Debtors own very limited tangible property. Almost all tangible property used in the operation of the Facilities is owned by the landlord under the terms of the Master Lease (defined below). The Cuarzo Debtors own only the supplies used to operate the facilities and two vehicles, one of which is a 2009 model and the other a 2014 model. The Cuarzo Debtors only significant asset is their accounts receivable, which are

excluded from the Purchased Assets and will not be acquired by the proposed new operator of the Cuarzo Facilities.

9. Each of the facilities has a third-party, unrelated fee owner landlord: (a) GPH Canonsburg LP is the landlord of the Canonsburg Facility; (b) GPH Monroeville LP is the landlord of the Monroeville Facility; (c) GPH Murrysville LP is the landlord of the Murrysville Facility; and (d) GPH Mt. Lebanon LP is the landlord of the Lebanon Facility (collectively, the “GPH Landlords”).

10. The Cuarzo Debtors operate the Cuarzo Facilities under a Master Lease dated February 1, 2017 (the “Master Lease”), pursuant to which the GPH Landlords lease the real estate associated with the Cuarzo Facilities to the Cuarzo Debtors. Under the terms of the Master Lease, all personal property in the Cuarzo Facilities as of the commencement of the lease, and all replacements for any of that personal property, are deemed to be owned by the lessors. Master Lease § 6.2. Furthermore, the Master Lease provides that after an Event of Default, the Cuarzo Debtors must transfer all other personal property in the facilities to the lessors upon their demand. Master Lease § 14.3.

11. Under the Master Lease, the Cuarzo Debtors granted the GPH Landlords a first priority blanket lien on substantially all of the Cuarzo Debtors’ assets, including but not limited to all personal property and accounts receivable (the “Landlord Liens”). The Landlord Liens were perfected via UCC financing statement filed on or about April 14, 2017, and continued on or about March 31, 2022.

12. It is undisputed that the Cuarzo Debtors are in material default under the Master Lease. Among other defaults, the Cuarzo Facilities have not paid rent in over one year, have not escrowed appropriate funds for real estate tax accrual, and failed to satisfy the capital expenditure

requirements under the Master Lease. As of the Petition Date, the GPH Landlords assert that the Cuarzo Debtors owe the GPH Landlords in excess of \$5.5 million thereunder, not including accelerated rent. Including accelerated rent and other go forward charges under the Master Lease increases that amount to more than \$15.7 million.

B. The Cuarzo Debtors' Businesses and Financial Condition.

13. As set forth in the First Day Declaration, the Cuarzo Debtors are in significant financial distress due to several factors. Since the beginning of the COVID-19 pandemic, the Cuarzo Debtors have struggled through a challenging business environment. During this period, costs increased dramatically, and occupancy levels declined. During 2023, the liquidity profile of the Cuarzo Debtors continued to decline significantly. Skilled labor shortages increased wages and reliance on agency nurses, and census at the facilities declined. The Medicaid rates paid by the Commonwealth of Pennsylvania have not been nearly enough to compensate for the increased costs.

14. A summary of the Cuarzo Debtors' losses for the years ended December 31, 2023 and December 31, 2022 are set forth below:

<u>FACILITY</u>	<u>2023 LOSS</u>	<u>2022 LOSS</u>
South Hills Operations, LLC	(\$1,975,065)	(\$1,249,999)
Monroeville Operations, LLC	(\$3,079,041)	(\$1,999,230)
Mt. Lebanon Operations, LLC	(\$2,717,883)	(\$2,611,496)
Murrysville Operations, LLC	(\$1,693,771)	(\$1,512,438)

15. In addition to unpaid obligations under the Master Lease, The Cuarzo Debtors are also significantly behind in paying nursing facility assessments ("Nursing Facility Assessments") owed to the Commonwealth of Pennsylvania Department of Human Services ("Department") under 62 P.S. § 801-A. As of the Petition Date, the Cuarzo Debtors believe approximately \$16

million is owed on account of Nursing Facility Assessments on account of the four Cuarzo Facilities.

16. A portion of the losses incurred in recent years by the Cuarzo Debtors relate to the cost of two pending litigation matters against the Cuarzo Debtors and some of their management. First, in 2018, the U.S. Department of Labor (“DOL”) commenced a collective wage and hour litigation under the Fair Labor Standards Act of 1938³ against the Cuarzo Debtors and certain related parties (the “FLSA Litigation”) alleging that they engaged in unlawful practices by under-compensating their employees and failing to maintain accurate pay records.⁴ The FLSA Litigation proceeded through a multi-week and multi-phase trial in late 2023 and early 2024. The current scheduling order contemplates post-trial briefing being complete by June 12, 2024. No ruling has been issued as of the date of the Motion.

17. Second, in 2021, a criminal action was brought against Debtor Mt. Lebanon Operations, LLC and certain related parties under a 15-count indictment alleging Medicare and Medicaid healthcare fraud and conspiracy to commit healthcare fraud (the “Criminal Litigation”).⁵ In late 2023, the Criminal Litigation proceeded to a multi-week trial. The jury found the individual defendants not-guilty of all charges, but found Debtor Mt. Lebanon Operations, LLC guilty of three counts of falsifying records to obstruct a federal investigation and one count of falsifying medical records. A motion to set aside this guilty verdict is pending. If the verdict is not set aside, sentencing is scheduled for August, 2024. It is anticipated that the criminal verdict against Debtor

³ 29 U.S.C. §§ 201-219.

⁴ The FLSA Litigation is pending in the United States District Court for the Western District of Pennsylvania as Case No. 2:18-cv-01608-WSS.

⁵ The Criminal Litigation is pending in the United States District Court for the Western District of Pennsylvania as Case No. 2:21-cr-00079-RJC.

Mt. Lebanon Operations, LLC will likely result in that entity being permanently excluded from the Medicare and Medicaid programs.

18. The Criminal Litigation and the FLSA Action both had materially negative effects upon the Cuarzo Debtors. The fees incurred in the defense of these actions were significant, and the negative publicity surrounding these legal actions affected census. During the investigations and discovery related to these actions, regional and facility personnel were sometimes distracted from the day-to-day operations of the facilities.

19. Even though the trials have concluded, the Cuarzo Debtors continue to struggle operationally. The managers of the Cuarzo Debtors note that operating costs have increased approximately 30% percent since the start of the Covid pandemic, and the Cuarzo Facilities average census is down about 7% during that same period. While the Commonwealth has increased the daily Medicaid rate by 17.5% during this period, that increase has not been nearly enough to offset the increased costs and drop in census sustained by the Cuarzo Facilities; thus, the managers estimate that each of the Cuarzo Facilities would lose more than one million dollars if its operations continued throughout 2024.

20. As a result of the above-referenced issues, the Cuarzo Debtors' current financial situation is dire. Unless the Cuarzo Debtors can appropriately transfer their operations to reputable operators pursuant to this Motion, the Cuarzo Debtors will be unable to continue to provide the quality patient care that their residents expect and deserve, and the Cuarzo Debtors only remaining option would be an expedited shutdown, which would greatly disrupt and cause material harm to the patients in the Cuarzo Facilities. Thus, it is in the interest of all parties to consummate a transfer of continuing operations at the Cuarzo Facilities to a new operator as quickly as possible.

C. Pre-Petition Marketing of the Cuarzo Facilities

21. In May 2023, Houlihan Lokey (“Houlihan”) was retained by the GPH Landlords to create and execute a marketing process to maximize the value of the Cuarzo Facilities’ assets. Houlihan was selected to lead this effort because of its significant experience in marketing healthcare-related assets, such as the skilled nursing facilities that make up the Debtors’ Cuarzo Facilities. Trey Marinello (“Marinello”), a Managing Director in Houlihan’s Healthcare Group, led Houlihan’s marketing efforts.

22. Houlihan’s evaluation of the Cuarzo Debtors’ operations showed declining financial performance and the inability to generate cash flow compared to other skilled nursing facilities in Pennsylvania, a high number of facilities in the market for sale with less risk and more attractive fundamentals than the Cuarzo Debtors’, a general inability to find lenders willing to underwrite financing needs of new operators to fund operations at the Cuarzo Facilities, and heightened regulatory scrutiny as a result of the current operator. Marinello Declaration at ¶ 8. In addition, Houlihan’s analysis of the Cuarzo Debtors’ situation showed that those entities were financially unable to provide any new operator with indemnification against successor liability and nursing assessments, which inability would likely lead to an extended transition period, significant increase in transition costs and a significant increase in risk of associated with any transaction. *Id.*

23. Based on its evaluation of the Cuarzo Debtors’ circumstances and its industry experience, Houlihan strategically focused its marketing efforts on skilled nursing facility operators who operated skilled nursing facilities in Pennsylvania or who had prior experience operating distressed skilled nursing facilities. *Id.* ¶ 9. Existing Pennsylvania operators were targeted due to the significant regulatory hurdles associated with an out-of-state new operator

transitioning into the Cuarzo Facilities, including probationary license requirements and additional oversight that would have prevented such a transaction from being workable. *Id.*

24. These issues facing an out-of-state operator would be in addition to the increasingly difficult operating environment for skilled nursing facility operators in general, which includes: (i) increasing food, labor, and energy costs, (ii) rising inflation, (iii) stagnant reimbursement rates from governmental and third-party payors, (iv) an excess supply of skilled nursing beds, and (v) increasing regulatory requirements such as staffing minimums. *Id.* at ¶ 10.

25. Marketing of the Cuarzo Facility assets proved to be exceptionally difficult, particularly because of the Cuarzo Debtors' unique liabilities and situation, including: (1) criminal charges being filed against Debtor Mt. Lebanon Operations, LLC and individuals associated with them, including a 15-count indictment alleging Medicare and Medicaid healthcare fraud and conspiracy to commit healthcare fraud; (2) the Cuarzo Debtors owing significant unpaid nursing facility assessments to the Commonwealth of Pennsylvania; and (3) the FLSA Action. *Id.* at ¶ 11. Each of these factors alone make marketing skilled-nursing facility operations difficult, let alone all three combined. *Id.*

26. Houlihan's marketing efforts led to the identification of 28 key strategic targets. *Id.* at ¶ 12. Of those, 17 were considered based on their ability to assume operations. *Id.* Of the 17 parties contacted by Houlihan, ten immediately passed on the opportunity, and seven agreed to have initial discussions regarding the Cuarzo Facilities. *Id.* Three parties executed non-disclosure agreements granting them access to the data room established by Houlihan related to the Cuarzo Debtors. *Id.* Ultimately, because of the difficulties associated with the Cuarzo Facilities discussed herein, including (a) the FLSA Litigation, (b) the Criminal Litigation, (c) unpaid Nursing Facility

Assessments, and (e) the fact that the sale was only of the operational entities, only one operator expressed serious interest in the Cuarzo Facilities – We Care Centers (“WeCare”). *Id.*

27. WeCare is an established healthcare operator currently operating skilled nursing, senior living, short term rehabilitation, outpatient rehabilitation, and adult day services in New York and Pennsylvania. *Id.* at ¶ 13. WeCare is not an insider and is not in any way affiliated or related to the Cuarzo Debtors, Houlihan, or the GPH Landlords. *Id.*

28. Due to the various business and legal issues surrounding the Cuarzo Facilities (as described herein), WeCare expressed an interest in operating the Cuarzo Facilities only to the extent that the GPH Landlords agreed to provide significant incentives to the operator. *Id.* at ¶ 14. Given the dynamics of the underperforming Cuarzo Facilities and the regulatory landscape surrounding them, including the potential liabilities associated with previous ownership, the GPH Landlords agreed to make significant incentives (the “Incentives”) to ensure the facilities were appropriately transferred to a reputable operator who will continue to provide quality patient care to the residents of the facilities (the “New Operators”). *Id.* The New Operators are (i) Monroeville Opco LLC (for Monroeville facility); (ii) MTL Opco LLC (for the Mt. Lebanon facility), (iii) Murrys ville Opco LLC (for Murrys ville facility); and (iv) South Hills Opco LLC (for the Canonsburg facility).⁶ The GPH Landlord has agreed to the Incentives based on the identity of the New Operators, the fact that WeCare currently operates other similar facilities within the Commonwealth of Pennsylvania, and in light of the fact that in November 2023 the Pennsylvania Department of Health issued notices approving the proposed changes in ownership to the New Operators with respect to the proposed transaction.

⁶ The transaction may be structured as a lease from the GPH Landlords to a newly formed sub-landlord entity, with subleases to the New Operators. The sub-landlord entity is not an insider or affiliated in any way with any of the Curazo Debtors.

29. On or about October 30, 2023, each Cuarzo Debtor and each New Operator affiliated with WeCare entered into an Operations Transfer Agreement (“OTA”) contemplating the transfer of the Cuarzo Debtors’ assets and operations to the associated New Operator. *See* Ex. B.

30. On November 14, 2023, the Pennsylvania Department of Health issued notices with respect to each of the Cuarzo Facilities (the “Department Notices”). Copies of the Department Notices are attached hereto as **Exhibit E**. Each of the four Department Notices acknowledge receipt of a Change in Ownership form with respect to one of the Cuarzo Facilities and states that the Department of Health has reviewed the forms and found them to be acceptable. Ex. E at p. 1. The Department Notices direct the respective New Operators to notify the Department of Health in writing upon completion of the transaction, and “indicate the date of the transaction so that the facility’s new license can be issued to reflect the change.” *Id.*

31. Based on the Cuarzo Debtors’ financial circumstances, it is Marinello’s opinion that the transaction with the New Operators set forth in the Motion is the best available transaction and it is highly unlikely that any further marketing of the Cuarzo Debtors’ assets would yield any higher or better, or even similar, offers. *Id.* at ¶ 15.

D. The Debtors’ CRO Determines the Proposed Transaction is in the Best Interest of the Estates.

32. On or about December 1, 2023, the Debtors retained Louis E. Robichaux IV (“Robichaux”) of Ankura Consulting Group, LLC (“Ankura”) as Chief Restructuring Officer to evaluate the Debtors’ financial conditions, reorganization and/or liquidation options, and create forward-looking financial projections.

33. As part of performing this analysis, Ankura evaluated the Cuarzo Debtors’ options to continue as a going concern and the need for immediate financing to ensure the stability of the

Cuarzo Debtors' operations with respect to the Cuarzo Facilities. (Robichaux Declaration at ¶ 9). The Cuarzo Debtors' projections and ability to continue as a going concern painted a dire picture. *Id.* Among other things, the Cuarzo Debtors required immediate financing to continue as a going concern and maintain their skilled nursing operations, but were unable to obtain the financing required to operate from any third-party lender. *Id.*

34. As a practical matter, there is essentially no market for financing the Cuarzo Debtors as a going concern to continue their operations or for an extended period of time to market the Cuarzo Debtors' assets. In Mr. Robichaux's opinion, no amount of additional marketing or outreach will change this outcome due to the significant financial difficulties of the Cuarzo Debtors. *Id.* at ¶ 10.

35. After evaluating the circumstances of the Cuarzo Facilities - including (i) the current poor performance of the Cuarzo Debtors and their significant liabilities, (ii) the fact that after a diligent marketing effort the only Pennsylvania-licensed operator that expressed interest in operating the Cuarzo Facilities was WeCare and only to the extent significant Incentives were granted by the GPH Landlords, (iii) the inability to obtain financing to continue operating as a going concern, and (iv) the necessity of ensuring the continuity of care and service at the skilled-nursing facilities for patient safety and wellbeing - Robichaux has concluded that the transaction with WeCare on the timeframe set forth in the Motion is the only realistic alternative to a complete shutdown of the Cuarzo Facilities on an emergency basis, which would create a logistical nightmare for both the facility and the patients, and potentially put the patient's wellbeing at risk. *Id.* at ¶ 11.

36. Additionally the Debtors' CRO does not believe additional marketing of the Cuarzo Facility assets is an appropriate or beneficial exercise. *Id.* at ¶ 12.

37. For these reasons, and the others set forth in the Robichaux Declaration, the Debtors' CRO supports this Motion.

E. Chapter 11 Bankruptcy Filings

38. On May 17, 2024, the Debtors commenced the Chapter 11 Cases. As to the Cuarzo Debtors, the primary objective of the Chapter 11 Cases is to facilitate the orderly transition of their respective operations to the New Operators and ensure continuity of care for residents of their facilities.

TRANSACTION TERMS

39. The terms of the proposed transaction are set forth in the OTAs, subject to the minor modifications set forth herein (the "Transaction"). Under the terms of the OTAs, each of the Cuarzo Debtors agrees (i) to transfer to the respective New Operator substantially all assets used in connection with its facility, except for accounts receivables accrued based on pre-closing dates of service and avoidance actions, and (ii) cooperate with the New Operator effect an orderly transfer of the operation of the facility on the Closing Date (OTA §§ 2.1, 2.5(a)).

40. Unless the New Operator chooses to purchase vehicles owned by the Cuarzo Debtors, there will not be any cash paid under the OTAs; rather, the New Operators are bound to use commercially reasonable efforts to transfer or obtain the necessary licenses required for the operation of the facilities, will pay all cure costs owed on any assumed Executory Contracts, and will assume the existing operators' respective Medicare provider numbers and Medicare provider reimbursement agreements. (OTA §§ 2.2, 2.8). The terms of the OTA are structured to ensure that, from a patient care standpoint, residents and patients will have a relatively seamless transition from each Cuarzo Debtor to the respective New Operator.

41. The significant Incentives being granted by the GPH Landlords to allow the transaction to proceed are as follows. First, the GPH Landlords will fund \$2.65 million in working capital (one-half at closing and one-half 30 days later) to be used in connection with the Cuarzo Facilities – with no repayment obligation. Second, the GPH Landlords will fund up to \$3 million in capital expenditures to improve the Cuarzo Facilities – with no repayment obligation. Third, the GPH Landlords will grant the new landlord an option to purchase the real estate associated with the Cuarzo Facilities for between \$42,000-\$47,000 per licensed bed.

42. Taken together, the Incentives reflect a significant investment by the GPH Landlords in the orderly transition of the Cuarzo Facilities to reputable and experienced operators that can provide stable and quality care to residents. The working capital and capital expenditures funding commitments by the GPH landlords together constitute up to \$5.65 million in much needed cash to be used on operations. These Incentives are intended to enable the New Operator to stabilize operations and make facility improvements to ensure a smooth transition to the New Operators and improve quality of care.

43. The OTAs also set forth a mechanism by which the New Operators will collect governmental accounts related to service provided by the Cuarzo Debtors prior to the closing of the transactions. The proceeds collected will be transferred to the Cuarzo Debtors' estates for future distribution in accordance with orders of this Court.

44. The Cuarzo Debtors, the New Operators, and the GPH Landlords have also agreed to the following clarifications and modifications to the OTAs and the transaction, to be incorporated in any order granting this Motion:

- a. The Incentives shall be approved and incorporated in the order granting this Motion.
- b. The assumption and assignment of executory contracts shall be governed by the provisions of this Motion and the order granting this Motion.

- c. The Outside Date (as defined in the OTA) for closing is extended and shall be 45 days from the Petition Date unless otherwise extended by the parties.
- d. Within 14 days of closing, the New Operators shall identify whether they intend to purchase either of the two vehicles owned by the Curazo Debtors, and to the extent New Operators elect to purchase either of the vehicles, New Operators shall negotiate and pay the Cuarzo Debtors an appropriate purchase price.
- e. With respect to the obligations of existing operator to provide a specific level of inventory at closing in Sections 1.1(e) and 4.23, the “prudent operations” standard shall be deemed to be met if the inventory levels are generally consistent with the facility’s past practices.
- f. The Curazo Debtors’ contractual obligation under Section 2.4(g) to provide COBRA coverage to prior employees shall expire upon the termination or cancellation of those debtors’ existing health plan.
- g. In accordance with Section 2.4(e), the New Operators hereby elect to not assume any Assumed ETO.
- h. Notwithstanding any provisions in the OTA to the contrary, any cure costs resulting from the new operator’s assumption of the Assumed Facility Agreements (as defined in Section 2.14), shall be the responsibility of new operator. To the extent assignment procedures set forth in section 2.14 conflict with section 365 of the Bankruptcy Code or the procedures set forth in this Motion, the bankruptcy provisions shall control.
- i. The Cuarzo Debtors’ obligation to provide the services under Section 2.14(f) of the OTA shall only apply until closing of the transaction.
- j. Notwithstanding the terms of Section 3 of the OTA, closing of the transaction shall take place no later than ten (10) business days after the order granting this Motion becomes final and non-appealable, unless extended by the parties.
- k. Entry of the order granting this Motion by the Bankruptcy Court shall be deemed to constitute full compliance with the representations and warranties set forth in Section 4.1 and 4.2 of the OTA.
- l. No lien, encumbrance, claim, tax or other liability shall constitute a breach of any reps and warranties set forth in Article 4 of the OTA so long as the order granting this Motion conveys the Purchased Assets free and clear of such lien, encumbrance, claim, tax or other liability.
- m. Section 6.12 is revised to state that no information provided to the Bankruptcy Court shall constitute confidential information.
- n. Section 6.17 is deleted and replaced with the following:

Pending closing under the OTAs, neither the Existing Operator nor any of its or their affiliates or principals shall (i) materially change or modify existing staffing and employee levels with respect to the Existing Operator facility in a way detrimental to the Cuarzo Debtors financial performance from how such staffing and employee levels were in place during the first three months of 2024, or (ii) solicit employees or staff that were previously assigned to the Existing Operator facility to transfer to other facilities, *provided that*, for an abundance of caution, nothing herein shall in any way impair the Existing Operator's ability to make decisions it deems appropriate to provide for the health, safety, or welfare of the residents or to comply with any Legal Requirement or Health Care Requirement.

45. While the Cuarzo Debtors do not anticipate receiving any additional offers due to the extensive pre-petition marketing efforts outlined herein, this Motion will be served on all parties who Houlihan identified as potentially interested parties.

46. In the unlikely event a higher and better offer is made at or prior to the hearing on this Motion, the Cuarzo Debtors will consult with the GPH Landlords to determine if the overbidder (i) has appropriate financial and operational stability, (ii) appears eligible to be approved as an operator by the Commonwealth of Pennsylvania, (iii) can close and transition the Cuarzo Facilities on the expedited timeframe contemplated herein; and (iv) appears otherwise capable of responsibly operating the facilities. In the event an overbid is received that the Cuarzo Debtors and GPH Landlords deem in their discretion to be a higher and better offer, the Cuarzo Debtors will (i) seek an adjournment of the hearing on this Motion to conduct an auction to finalize the highest and best offer, and / or (ii) file an amendment to this Motion which identifies the new purchaser and any modifications to the proposed sale.

47. The Cuarzo Debtors assert that these procedures ensure that the unlikely event of an overbid is accounted for, while recognizing the reality that the Cuarzo Facilities are in dire financial and operational condition and must be transferred immediately to the New Operators in a manner that ensures patient safety and employee continuity.

ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS

48. To facilitate the Transaction, the Debtors seek authority to assume and assign the Assumed Contracts to the New Operators in accordance with the following procedures:

- a. The Debtors shall file with the Court, post on the case website at <https://omniagentsolutions.com/SouthHills> [omniagentsolutions.com], and serve, by regular mail, on each counterparty to an Executory Contract to be assumed and assigned under the OTA a notice within ten (10) business days after filing of this Motion (the “Assumption and Assignment Notice Deadline”) informing the applicable counterparties that upon closing of the Transaction, a Cuarzo Debtor may seek to assume and assign to the New Operators the Executory Contracts identified on the list attached to the Assumption and Assignment Notice and of the Cure Amounts, if any, that the Cuarzo Debtors believe are required to be paid.
- b. If a counterparty objects to the Cure Amount or the assumption and assignment of its contract to the New Operators, the counterparty must file a written objection (a “Cure Objection”) with the Court by fourteen (14) days after the Assumption and Assignment Notice Deadline at 5:00 p.m. (prevailing Eastern Time) (the “Contract Objection Deadline”). All such objections must identify the Executory Contract to which the objection applies, describe with particularity any Cure Amount the applicable Counterparty claims is required under section 365 of the Bankruptcy Code, identify the legal and factual basis(es) of the alleged Cure Amount, including the specific nature of any alleged defaults, the pecuniary losses resulting therefrom, and the conditions giving rise to such losses, and attach all documents supporting or evidencing the alleged Cure Amount.
- c. If, after the Assumption and Assignment Notice Deadline, additional executory contracts or unexpired leases of the Cuarzo Debtors are determined to be potential Assumed Contracts in connection with the Transaction, or the Cuarzo Debtors seek to modify the previously stated Cure Amount associated with any Executory Contract, as soon as practicable thereafter, the Cuarzo Debtors shall file with the Court and serve, by overnight delivery, on the applicable Counterparties, a supplemental or amended Assumption and Assignment Notice, and such Counterparties shall file any objection to Cure Amount not later than fourteen (14) days after service of the supplemental or amended Assumption and Assignment Notice applicable to the objecting party.
- d. At the hearing on this Motion, the Cuarzo Debtors will seek Court approval of the assumption and assignment to the New Operators of the Assumed Contracts that have been selected by the New Operators to be assumed and assigned and request authority to assume and assign to the New Operators any additional Assumed Contracts selected by the New Operators prior to Closing of the Transaction upon payment by the New Operators of the necessary Cure Amount. If additional Assumed Contracts are selected by the New Operators after the hearing, but before Closing of the Transaction, the Cuarzo Debtors will file with the Court and serve

on the applicable Counterparties, a notice identifying the Assumed Contracts and the Cure Amounts, if any, that the Cuarzo Debtors believe are required to be paid. If the parties are unable to consensually agree to the required Cure Amount, the Cuarzo Debtors will seek a hearing with the Court.

- e. If no objection is timely filed with respect to an Assumed Contract: (i) the Counterparty to such Assumed Contract shall be deemed to have consented to the assumption by the Cuarzo Debtors and assignment to the New Operators of the Assumed Contract, and be *forever barred* from asserting any objection with regard to such assumption and assignment (including, without limitation, with respect to adequate assurance of future performance); (ii) any and all defaults under the Assumed Contract and any and all pecuniary losses related thereto shall be deemed cured and compensated pursuant to Bankruptcy Code section 365(b)(1)(A) and (B) upon payment of the Cure Amount set forth in the Assumption and Assignment Notice; and (iii) the Counterparty shall be forever barred from asserting any other claims related to such Assumed Contract against the Cuarzo Debtors and their estates or the New Operators, or the property of any of them, that existed prior to the entry of the order resolving any objection to the assumption and assignment of any Assumed Contract and the order granting this Motion.
- f. To the extent that the parties are unable to consensually resolve any Cure Objection prior to the commencement of the hearing on this Motion, including, without limitation, any dispute with respect to the Cure Amount required to be paid to the applicable Counterparty under the Bankruptcy Code sections 365(b)(a)(1)(A) and (B) (any such dispute, a “Cure Dispute”), the Cuarzo Debtors may (i) assume the applicable Executory Contract prior to the resolution of the Cure Dispute; *provided* that the New Operators shall (A) pay to the applicable Counterparty the undisputed portion of the Cure Amount within five (5) business days the closing of the Transaction and (B) reserve cash in an amount sufficient to pay the disputed portion of the Cure Amount reasonably asserted by the applicable Counterparty (or such lesser amount as may be fixed or estimated by the Court or otherwise agreed to by the Counterparty and the Cuarzo Debtors), or (ii) adjourn their request to assume the Assumed Contract pending resolution of the Cure Dispute (an “Adjourned Cure Dispute”); *provided* further that, to the extent the Adjourned Cure Dispute is resolved or determined unfavorably to the Cuarzo Debtors, the Cuarzo Debtors may withdraw the proposed assumption of the applicable Assumed Contract after such determination by filing a notice of withdrawal, which, in the case of a lease, shall be prior to the expiration of the applicable deadline to assume or reject unexpired leases under section 365(d)(4) of the Bankruptcy Code.

BASIS FOR RELIEF

A. The Proposed Sale Transaction is Supported by the Cuarzo Debtors' Sound Business Judgment.

49. The Cuarzo Debtors' proposed private sale of the Purchased Assets is in the best interests of the Cuarzo Debtors and all parties in interest and is a reasonable exercise of the Cuarzo Debtors' business judgment. Section 363(b) of the Bankruptcy Code permits the use, sale or lease, "other than in the ordinary course of business," of property of the estate. 11 U.S.C. § 363(b)(1). The paramount goal of any proposed sale of property of a debtor is to maximize the value received by the estate. *See, e.g., In re Family Christian, LLC*, 533 B.R. 600 (Bankr. W.D. Mich. 2015) ("The Debtors, in conducting the sale process, have a fiduciary duty to maximize the value of their estates."). Sales under Section 363(b) are subject to the debtors' business judgment. *In re FirstEnergy Sols. Corp.*, 591 B.R. 688, 695 (Bankr. N.D. Ohio 2018); *see also In re Murray Metallurgical Coal Holdings, LLC*, 613 B.R. 442, 454 (Bankr. S.D. Ohio 2020) ("And 363(b) ... allows Debtors to spend money to provide a net benefit to their estate in their business judgment.").

50. "Courts should approve an exercise of a debtor's business judgment unless it is so manifestly unreasonable that it could not be based on sound business judgment, but only on bad faith, whim or caprice." *In re Friedman's, Inc.*, 336 B.R. 891, 895 (Bankr. S.D. Ga. 2005) (quotation omitted); *see In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992); *In re Lionel Corp.*, 722 F.2d 1063 (2nd Cir. 1983). Courts have approved the private sale of a debtor's property when nothing in the record surmounted the deference owed to the debtor's business judgment, a public auction was not in the best interest of the debtor's creditors. *In re 160 Royal Palm, LLC*, 600 B.R. 119 (S.D. Fla. 2019).

51. In this case, the Cuarzo Debtors' decision to sell the Purchased Assets is supported by their sound business judgment. An expert in marketing and selling healthcare assets, Houlihan,

was retained to market the Cuarzo Facilities and strategically targeted a group of twenty to thirty Pennsylvania-based licensed operators, and the proposed Transaction is a result of that arm's length and good faith process. The OTAs represent the highest and best proposal for the acquisition of the Purchased Assets—one which sufficiently protects the ongoing operations at the skilled-nursing facilities and puts continuity of treatment and care of the patient's wellbeing as a focal point of the decision. And the overall Transaction is only made possible by the significant Incentives being granted by the GPH Landlords to ensure that the facilities are appropriately transitioned to a stable operator.

52. The Cuarzo Debtors, Ankura, and Houlihan have all concluded that the Transaction outlined in this Motion is the best that can be achieved under the circumstances and no further marketing or sales process will provide a better outcome. The cost of further delaying the transfer by attempting to establish a lengthy bidding and auction process will further hinder the Cuarzo Facilities ability to maintain the quality of care that their patients deserve and is unlikely to generate any alternative transactions to consider. The pending Criminal Litigation, the FLSA Litigation, and the Nursing Facility Assessments -- combined with the Cuarzo Debtors' dire financial situation -- make the Transaction the only realistic alternative to a complete shutdown of the facilities on an emergency basis. Such a shutdown, were it to occur, would be logistically difficult for the Cuarzo Debtors, and perilous for the patients and their families who will be forced to move their loved ones from their homes to unfamiliar surroundings on an expedited basis.

B. The Transaction Should be Approved “Free and Clear” of Liens and Other Encumbrances Under Section 363(f) of the Bankruptcy Code.

53. In accordance with the terms of the OTAs, the Cuarzo Debtors request authority to sell the Purchased Assets free and clear of any and all interests in the Purchased Assets pursuant to Sections 363(b) and (f) of the Bankruptcy Code, including but not limited to any liability for the

Nursing Facility Assessments, any amounts owed to the Pennsylvania Department of Health (“DOH”), or any amounts owed by the Cuarzo Debtors to any other agency of the Commonwealth of Pennsylvania, and free and clear of any and all successor liability for any DOL allegations or claims, on an “as is, where is” basis, without any representations or warranties, except as expressly provided in the OTAs. *See* 11 U.S.C. § 363(f).

54. Section 363(f) of the Bankruptcy Code permits the Cuarzo Debtors to sell assets free and clear of all liens, claims, interests, and encumbrances (with any such liens, claims, interests, and encumbrances attaching to the net proceeds of the sale with the same rights and priorities therein as in the sold assets) if any one of the following conditions is satisfied:

- i. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- ii. such entity consents;
- iii. such interest is a lien and the price at which such property is to be sold is greater than that value of all liens on such property;
- iv. such interest is in bona fide dispute; or
- v. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. §363(f). The Cuarzo Debtors submit, and to the extent necessary will demonstrate at the Sale Hearing, that the sale of the Purchased Assets free and clear of all liens, claims, interests and encumbrances will satisfy one or more of the requirements under section 363(f) of the Bankruptcy Code.⁷ Accordingly, the Cuarzo Debtors request that the Court authorize the sale of

⁷ Moreover, the Cuarzo Debtors will send the Sale Notice to purported lienholders. If such lienholders do not object to the proposed Sale, then their consent should be presumed. Accordingly, the Cuarzo Debtors request that, unless a party asserting a prepetition lien, claim or encumbrance on any of the Purchased Assets timely objects to this Motion, such party shall be deemed to have consented to any Sale approved at the Sale Hearing. *See, e.g., FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281, 285–86 (7th Cir. 2002) (“[L]ack of objection (provided of course there is notice) counts as consent; *Hargave v. Twp. of Pemberton*, 175 B.R. 855, 858 (Bankr.

the Purchased Assets free and clear of any liens, claims, interests and encumbrances, in accordance with section 363(f) of the Bankruptcy Code, subject to such liens, claims, interests and encumbrances attaching to the proceeds thereof in the same order of relative priority, with the same validity, force and effect as prior to such transfer.

55. Specifically, the Cuarzo Debtors request that the sale be free and clear of the liens held by (i) the GPH Landlords, (ii) the Department for Nursing Facility Assessments, (iii) any lien of CIBC Bank, U.S.A.; and (iv) any other miscellaneous liens or interests.

56. The GPH Landlords consent to this Motion and the sale to the New Operators; thereby satisfying the requirements of section 363(f)(2) of the Bankruptcy Code. Thus, there is no issue but that the Transaction can be free and clear of Landlord Liens.

57. CIBC Bank, U.S.A. is owed no money by the Cuarzo Debtors, so the sale can be free and clear of its recorded liens.

58. In addition to the above claims, the Cuarzo Debtors owe Nursing Facility Assessments, and the Department may assert a statutory lien related to those assessments. *See* 62 Pa. Stat. § 811-A.⁸ The Department has not filed any liens against the Cuarzo Debtors, and any such liens would be subject “to mortgage or other liens existing and duly recorded at the time the tax lien is recorded...” 72 P.A. Stat. 1404.1.⁹ The liens held by Cuarzo would thus have priority

D.N.J. 1994) (by not objecting to a sale motion, a creditor is deemed to consent to the relief requested therein).

⁸ “Any assessments implemented and interest and penalties assessed against a nursing facility pursuant to this article shall be a lien on the real and personal property of the nursing facility in the manner provided by section 1401 of [72 Pa. Stat. Ann. §§ 1 *et seq.* (the “Fiscal Code”)] may be entered by the department in the manner provided by section 1404 of ‘The Fiscal Code’ and shall continue and retain priority in the manner provided in section 1404.1 of ‘The Fiscal Code.’”

62 Pa. Stat. Ann. § 811-A.

⁹ Section 1404.1 of the Fiscal Code provides, in pertinent part,

over any lien of the Department. Also, because Section 1404.1 of the Fiscal Code provides that a tax lien must be recorded in order to establish its priority, any statutory lien in favor of the Department is subject to avoidance under section 544(a)(1) of the Bankruptcy Code.

59. The existence of statutory lien rights for unpaid Nursing Facility Assessments makes clear that the amounts owed to the Department for Nursing Facility Assessments are no different than any mortgage or other lien right. As such, the claim for payment of these Assessments constitutes an interest in the Debtors' property that is subject to section 363(f)(5) of the Bankruptcy Code. Because this interest may be satisfied by a payment of money, this Court may approve the sale of the Purchased Assets free and clear of any lien, interest, Claim, or Encumbrance asserted by the Department.

60. The Nursing Facility Assessments would also constitute an "interest in property" even if the Department had no statutory lien right. The leading case in this Circuit regarding what constitutes an "interest in property" under section 363(f) of the Bankruptcy Code is *In re Trans World Airlines, Inc.*, 322 F.3d 283 (3d Cir. 2003) (concluding that the purchaser could not be held liable for federal employment discrimination claims). In *Trans World*, the Court adopted the Airlines' argument that "while Congress did not expressly define 'interest in property,' the phrase should be broadly read to authorize a bankruptcy court to bar any interest that could potentially travel with the property being sold, even if the asserted interest is unsecured." *Id.* at 288. In support of its conclusion, the Court noted that the definition of interests in section 363(f) is broader

"All tax liens shall have priority to and be fully paid before any other obligation, judgment, claim, lien or estate paid and satisfied out of the judicial sale of the real and personal property with which that property may subsequently become charged or for which that property may subsequently become liable, *subject, however, to mortgage or other liens existing and duly recorded at the time the tax lien is recorded.*"

72 Pa. Stat. Ann. § 1404.1 (emphasis added).

than simply liens or *in rem* interests, and quoted a portion of *Collier's* treatise providing that “[o]bviously there must be situations in which the interest is something other than a lien; otherwise section 363(f)(3) would not need to deal explicitly with the case in which the interest is a lien.” *Id.* at 290 (citing 3 *Collier on Bankruptcy* ¶ 363.06[1]).

61. One case cited by the *Trans World* court in support of its holding was *In re P.K.R. Convalescent Centers, Inc.*, 189 B. R. 90 (Bankr. E.D. Va. 1995), which is directly on point with the facts in this bankruptcy. In the *P.K.R. Convalescent* case, the court expressly enjoined the Virginia Department of Medical Assistance Service from pursuing collections against the prospective purchaser for amounts owed under a Virginia statute relating to depreciation recapture realized upon a transfer of the debtors’ property. *Id.* at 96. The Court found that Virginia’s right to repayment was an interest as defined in section 363(f) of the Bankruptcy Code and that the nursing facility could be sold free and clear of that interest because the amount owed could be satisfied by a payment of money. *Id.* See also *In re WBQ Partnership*, 189 B.R. 98, 105 (E.D. Bankr. Va. 1995) (enjoining state from pursuing recovery of depreciation recapture from purchaser)(“DMAS’s right of recapture falls with the category of ‘any interest’ that is subject to §363(f).”).

62. Under the circumstances of this case, the Cuarzo Debtors submit that a sale free and clear of interests serves the best interests of the Cuarzo Debtors—especially because absent such relief, the Cuarzo Debtors may simply be unable to continue operations and will be forced to pursue an expedited shutdown. The Cuarzo Debtors further submit that a sale free and clear of interests may be approved under Section 363(f) of the Bankruptcy Code as lien holders shall receive replacement liens and interests in the net sale proceeds for their collateral and, further, to the extent no objection is filed to the proposed sale, such interest holders may be deemed to have

consented to the proposed transaction, including, without limitation, the sale of the Purchased Assets free and clear of their interests therein. *See* 11 U.S.C. § 363(f); *see also* 3 Collier on Bankr. ¶ 363.06[3] (“The consent [to sale free and clear of interests] may be express or may be implied from circumstances surrounding the sale”), *citing FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281, 285-86 (7th Cir. 2002).

C. The Sale Order Must Provide that the New Operators Do Not have Successor Liability for the Cuarzo Debtors’ Debts.

63. The Cuarzo Debtors further request that the Sale Order specifically provide that the New Operators shall have no successor liability for any debts owed by the Debtors for periods prior to the closing of the sale, including without limitation for Nursing Facility Assessments, any other fines/penalties owed by the Debtors to the Department, to DOH or to the DOL in connection with the FLSA Litigation.

64. The analysis in the *Trans World* case shows that the concepts of what constitutes an “interest in property” and a debtor’s ability to sell free and clear of liabilities are closely related. If a potential liability arises from the debtor’s operation of an integral part of its business, then section 363 of the Bankruptcy Code authorizes a sale of the assets comprising that business free and clear of the liability. *In re Trans World Airlines, Inc.*, 322 F.3d at 290. *See also In re WBQ Partnership*, 189 B.R. 98, 105 (Bankr. E.D. Va. 1995) (enjoining state from pursuing recovery of depreciation recapture from purchaser) (“DMAS’s right of recapture falls with the category of ‘any interest’ that is subject to §363(f).”). In these Chapter 11 Cases, any amounts owed to the Department, DOH or in the DOL Action arise exclusively from the operation of the nursing facilities being sold; therefore, the Court may approve a sale of the Purchased Assets free and clear from these claims or any other claims that could be asserted based on a theory of successor liability.

65. In *Trans World*, the Court reasoned that the claims asserted qualified as interests subject to section 363(f) of the Bankruptcy Code because “it was the assets of the debtor which gave rise to the claims. Had TWA not invested in airline assets, which required the employment of the EEOC claimants, those successor liability claims would not have arisen.” *Id.* (citing *In re Leckie*, 99 F.3d 573, 585 (4th Cir. 1996) (Sale of debtor’s assets pursuant to section 363 of the Bankruptcy Code was free and clear of any liability imposed upon successors under the federal Coal Act.))¹⁰

66. The DOL Action asserts that the Cuarzo violated federal wage and hour laws and seeks a monetary judgment, including exemplary damages. Like the EEOC claims in the *Trans World* case, the DOL’s, DHS’s and DOH’s claims in this bankruptcy clearly arise from the Cuarzo Debtors’ operation of their skilled nursing facilities—the property being sold. The Debtors’ “investment in [their nursing facilities] is inextricably linked to its employment of [the staff who were allegedly underpaid]”. *Cf In re Trans World Airlines, Inc.*, 322 F.3d at 290 (“TWA’s investment in commercial aviation is inextricably linked to its employment of the Knox-Schillinger claimants as flight attendants, . . .”). Clearly, the claims in the DOL Action are inextricably linked to the employees working at the Cuarzo Debtors’ facilities, and the Department Assessments and any other amounts owed to DHS or DOH would not exist but for the fact that the Cuarzo Debtors operate nursing facilities within the meaning of the PA Nursing Facility

¹⁰ In *Leckie*, the Court reasoned that “[b]ecause there is therefore a relationship between (1) the Fund’s and Plan’s rights to demand premium payments from [the debtors] and (2) the use to which [the debtors] put their assets, we find that the Fund and Plan have interests in those assets within the meaning of section 363(f) [of the Bankruptcy Code].” *See In re Leckie*, 99 F.3d at 582. The court explained that “[t]hose rights are grounded, at least in part, in the fact that [the debtors’] assets have been employed for coal-mining purposes: if [the debtors] had never elected to put their assets to use in the coal-mining industry, and had taken up business in an altogether different area, the [claimants] would have no right to seek premium payments from them.” *Id.* at 582.

Assessment Program. Because any liability owed to these entities is “inextricably linked” to the Purchased Assets, this Court may approve a sale free and clear of those claims and any other claims based on successor liability.

67. As of now, the FLSA Litigation is still pending and the DOL has no judgment against any of the Debtors. However, as a practical matter, no transaction related to the Cuarzo Facilities is possible if a successor operator is not shielded from the Cuarzo Debtors’ pre-closing liabilities, including any liabilities flowing from the FLSA Litigation. The only viable alternative is an expedited shutdown process. Here, the proposed Transaction is to a third party after a diligent marketing process conducted by a firm specializing in the marketing and sale of healthcare related assets such as these. The results of that marketing process have been reviewed and vetted by the Debtors’ CRO. The Cuarzo Debtors, the New Operators, and the GPH Landlords (who are granting substantial Incentives to allow the Transaction to proceed) all respectfully assert that without successor liability protections for the New Operators, there is no viable Transaction.

68. This Court and others routinely include in orders approving sales of assets pursuant to section 363 of the Bankruptcy Code a finding that the New Operator is not a successor to the Debtors and is not liable for payment of amounts owed by the Debtors. *See, e.g., In re Leckie*, 99 F.3d at 576 (“even if [buyers] would be a successor in interest, the Bankruptcy Court may extinguish Coal Act successor liability pursuant to 11 U.S.C. § 363(f)(5)”); *In re Rockdale Marcellus Holdings, LLC*, case number 21-bk-22080 (W.D. Bankr. Pa. 2021)(docket number 617, ¶¶ AA. “No Successor Liability”); *In re. Claim Jumper Acquisition Company, LLC*, case number 22-bk-21941 (W.D. Bankr. Pa. 2021)(docket number 330, ¶¶ U, 11 and 13).

69. This Court has clear authority to hold that the sale of the Purchased Assets will be free and clear of any claim held by the DOL, the Department or DOH and to enjoin them (and all

other creditors holding claims against the Debtors) from attempting to collect those debts from the New Operators here, and should exercise that authority here in approving the Transaction.

D. Liens or Other Interests Will Attach to the Proceeds in Accordance with Their Existing Priority and Should be Paid to Cuarzo, as DIP Lender.

70. As provided by the Bankruptcy Code, all valid liens or other interests against the Purchased Assets being sold will attach against any sale proceeds in the order of their existing priority. The Debtors assert that the GPH Landlords have a first priority lien on all of the assets included in the Purchased Assets and will have a first priority lien in the proceeds thereof. The Debtors request authority to pay the net proceeds, if any, to GPH Landlords for application to its debt.

E. The Sale Order Should Provide that the New Operators are Good Faith Purchasers Under Section 363(m).

71. Pursuant to section 363(m) of the Bankruptcy Code, a good-faith purchaser is one who purchases assets for value, in good faith, and without notice of adverse claims. *O'Dwyer v. O'Dwyer (In re O'Dwyer)*, 611 Fed. App'x. 195, 200 (5th Cir. 2015); *In re Mark Bell Furniture Warehouse, Inc.*, 992 F.2d 7, 9 (1st Cir. 1993); *In re Willemain v. Kivitz*, 764 F.2d 1019, 1023 (4th Cir. 1985); *In re Congoleum Corp.*, No. 03-51524, 2007 WL 1428477, *2 (Bankr. D.N.J. May 11, 2007); see also *In re Abbotts Dairies*, 788 F.2d at 147 (to constitute lack of good faith, a party's conduct in connection with the sale must usually amount to fraud, collusion between the buyer and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders); *In re Made In Detroit, Inc.*, 414 F.3d 576, 581 (6th Cir. 2005) (following the *Abbotts Dairies* standard).

72. Courts in this Circuit have upheld section 363 purchase agreements “negotiated, proposed, and entered into . . . in good faith, without collusion . . . [resulting from] arm's-length bargaining with . . . parties represented by independent counsel.” *In re THQ Inc.*, No. 12-13398

(MFW), 2013 Bankr. LEXIS 781 (Bankr. D. Del. Jan. 24, 2013); *In re Rockdale Marcellus, LLC*, Case No. 21-22080 (Bankr. W.D. Pa. Dec. 29, 2021); *In re Gottschalks Inc.*, Case Nos. 09-10157 (KJC), 526, 603, 2009 Bankr. LEXIS 4880 (Bankr. D. Del. June 10, 2009); *In re Against All Odds USA, Inc.*, Case Nos. 09-10117 (DHS), TIN: 22-3391747, 2009 Bankr. LEXIS 5234, at *1 (Bankr. D.N.J. May 28, 2009); *In re Allegheny Health, Educ. & Research Found.*, Case Nos. 98-25773, 98-25774, 98-25775, 98-25776, 98-25777, 1998 Bankr. LEXIS 1684, at *31 (Bankr. W.D. Pa. Oct. 30, 1998).

73. In this case, the Cuarzo Debtors submit that the New Operators clearly satisfied this standard and are a “good faith purchaser” within the meaning of Section 363(m). The OTAs are a product of a targeted marketing process conducted by a professional firm with significant experience marketing and selling healthcare assets such as the Purchased Assets. Negotiations were conducted in good faith and at arms’-length through the parties’ respective professionals, which negotiations culminated in the OTAs. Accordingly, the Cuarzo Debtors respectfully submit that the New Operators is entitled to a good faith finding under Section 363(m) of the Bankruptcy Code.

F. The Court Should Approve the Proposed Procedures Governing the Assumption and Assignment of Executory Contracts.

74. The Cuarzo Debtors respectfully submit that the proposed procedures for assumption and assignment of Executory Contracts are appropriate and reasonably tailored to provide notice in the form of the Assumption and Assignment Notice, including the proposed Cure Amounts. Counterparties will then be given a reasonable opportunity to object to such Cure Amounts, and any timely objections that cannot be resolved can be adjudicated by the Court at the Sale Hearing or a later hearing, in accordance with the Court’s schedule.

G. The Court May Approve the Sale without Appointment of a Consumer Privacy Ombudsman.

75. Section 363(b)(1) of the Bankruptcy Code provides that if a debtor “in connection with offering a product or a service discloses to an individual a policy prohibiting the transfer of personally identifiable information about individuals [and] such policy is in effect on the date of the commencement of the case,” then the debtor “may not sell . . . personally identifiable information to any person unless” the sale is “consistent with such policy” or a “consumer privacy ombudsman” is appointed. 11 U.S.C. § 363(b)(1). The term “personally identifiable information,” defined in section 101(41A) of the Bankruptcy Code, means private information about a debtor’s customers that “if disclosed, will result in contacting or identifying [an] individual physically or electronically” (e.g., name, address, telephone number, social security number, credit card account number, birth date). *Id.* at § 101(41A).

76. Section 332 of the Bankruptcy Code governs the appointment of a consumer privacy ombudsman and provides that the Court “shall order the United States trustee to appoint, not later than 5 days before the commencement of the [sale] hearing, 1 disinterested person ... to serve as the consumer privacy ombudsman in the case and shall require that notice of such hearing be timely given to such ombudsman.” *Id.* at § 332(a). The consumer privacy ombudsman “may appear and be heard at [the sale] hearing and shall provide to the [C]ourt information to assist the [C]ourt in its consideration of the facts, circumstances, and conditions of the proposed sale . . . of personally identifiable information.” *Id.* at § 332(b).

77. The Debtors currently maintain certain privacy policies that govern the use of personally identifiable information in conducting its business. In particular, the Cuarzo Debtors have policies to comply with the requirements of the privacy rule of the Health Insurance Portability and Accountability Act (“HIPAA”). *See* 45 C.F.R. Parts 160, 162, and 164.

78. HIPAA establishes guidelines for the disclosure of private health information (“PHI”) and bars health care providers from disclosing PHI of individuals in certain instances. Among the exceptions to the HIPAA privacy rule are disclosures of PHI as part of a covered entity’s “health care operations.” *See* 45 C.F.R. §§ 164.502(a)(ii), 164.506(c)(1). “Health care operations” under HIPAA include the “sale, transfer, merger, or consolidation of all or part of a covered entity with another covered entity, or an entity that following such activity will become a covered entity and due diligence related to such activity.” *See id.* § 164.501(6)(iv).

79. The New Operators and any other buyer of the Purchased Assets will be a covered entity under HIPAA. The sale of any PHI as part of this transaction is authorized under HIPAA and otherwise consistent with the Cuarzo Debtors’ policies regarding the privacy of such information. Accordingly, the Court can approve this transaction without the appointment of a consumer privacy ombudsmen.

H. The Court Should Waive the Stay of Bankruptcy Rules 6004 and 6006.

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

81. The Cuarzo Debtors believe that any sale should be consummated as soon as practicable to preserve and maximize value and quality of care. Accordingly, the Cuarzo Debtors request that any Sale Order approving the sale of the Purchased Assets and the assumption and

assignment of the assumed Executory Contracts be effective immediately upon entry of such order and that the fourteen-day stay under Bankruptcy Rules 6004(h) and 6006(d) be waived.

NOTICE

82. This Motion will be served by first-class mail, postage prepaid on the following parties, *provided, however*, that to the extent email addresses are available for any of the following parties, such parties may be served by email: (a) all entities identified as potential counterparties for a sale transaction relating to the Cuarzo Facilities; (b) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon any of the applicable Purchased Assets; (c) the Department of Human Services, Office of Long-Term Living, Bureau of Finance, Forum Place 6th Floor, 555 Walnut Street, Harrisburg, PA 17101; (d) U.S. Department of Labor, Office of the Regional Solicitor, 1835 Market Street, Mailstop SOL/22, Philadelphia, PA 19103-2968, Attn: Alejandro A. Herrera, Esq. Herrera.alejandro.a@dol.gov; facsimile (215) 861-5162; (e) counsel to the Committee, once appointed; (f) the U.S. Trustee; (g) all parties that have requested notice pursuant to Bankruptcy Rule 2002; (h) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief granted herein; (i) the Internal Revenue Service; (j) any other governmental authority known to have a claim against the Cuarzo Debtors in the Chapter 11 Cases, including CMS and the United States Attorney's Office for the Western District of Pennsylvania, Attn: Eric G. Olshan, Joseph F. Weis, Jr. United States Courthouse 700 Grant Street, Suite 4000, Pittsburgh, PA 15219; (k) Commonwealth of Pennsylvania Attorney General, Attn: Michelle A. Henry, 16th Floor, Strawberry Square, Harrisburg, PA 17120 and Office of the Secretary of State for the Commonwealth of Pennsylvania; and (m) the counterparties to the Executory Contracts as those counterparties are identified.

83. Notice of this Motion shall be served in accordance with the Case Management Order (Docket No. 72) on all creditors and parties in interest in these jointly administered cases. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice of this Motion is required.

NO PRIOR REQUEST

84. No prior motion for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Cuarzo Debtors respectfully request that this Court enter an order, substantially in the form attached hereto as **Exhibit A**: (i) granting this Motion and approving and authorizing the sale of the Purchased Assets to New Operators pursuant to the terms of the OTAs, free and clear of any and all interests in the Purchased Assets on an “as is, where is” basis, without any representations or warranties pursuant to Sections 363(b) and (f) of the Bankruptcy Code; (ii) approving and authorizing the assumption and assignment of any Assigned Contracts pursuant to Section 365 of the Bankruptcy Code; (iii) finding the New Operators purchased the Purchased Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code; (iv) finding notice of the proposed sale due and proper and in accordance with Bankruptcy Rule 2002; (v) waiving the fourteen (14) day stay imposed under Bankruptcy Rules 6004(h) and 6006(d); and (vi) granting such further or additional relief as deemed due and proper by the Court.

Dated May 31, 2024
Pittsburgh, Pennsylvania

Respectfully submitted,

WHITEFORD TAYLOR & PRESTON, LLP

/s/ Daniel R. Schimizzi

Daniel R. Schimizzi (PA ID No. 311869)

Michael J. Roesenthaler (PA ID No. 87647)

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EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:	Case No.: 24-21217-CMB
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,¹	Chapter 11
Debtors.	<i>Jointly Administered</i>
	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,	Related to Document No.
Movant,	Hearing Date: July 1, 2024
-vs -	Hearing Time: 10:00 AM (EST)
CIBC BANK USA, GPH CANONSBURG LP, GPH MONROEVILLE LP, GPH MURRYSVILLE LP, GPH MT. LEBANON LP, and PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES,	Response Deadline: 10:00 AM (EST) on June 24, 2024
Respondents.	

**ORDER GRANTING CUARZO DEBTORS' MOTION FOR ENTRY OF AN ORDER:
(A) AUTHORIZING THE PRIVATE SALE OF THE CUARZO DEBTORS ASSETS;
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND
(C) GRANTING RELATED RELIEF**

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

This matter having come before the Court on the *Cuarzo Debtors' Motion for Entry of an Order: (A) Authorizing the Private Sale of Cuarzo Debtors' Assets; (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* (the "Motion")² filed in the above-captioned bankruptcy proceeding by the Cuarzo Debtors; and it appearing that due and proper notice of the Motion was given and a hearing was held on the same on July 1, 2024; and it appearing that the relief sought by the Cuarzo Debtors is necessary and in the best interest of the Cuarzo Debtors, their bankruptcy estates, and other parties in interest; and it further appearing that any timely objections are being hereby overruled, and the Court having reviewed the record, and having considered same;

THE COURT HEREBY FINDS AND DETERMINES as follows:

A. This Court has jurisdiction over these Chapter 11 Cases, the Motion, and the proposed sale of the assets (the "Transfer") described in the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter constitutes a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (N), and (O).

B. Venue for these Chapter 11 Cases and thus for the Motion is proper in this District under 28 U.S.C. §§ 1408 and 1409.

C. The statutory predicates for the relief sought through the Motion are 11 U.S.C. §§ 363 and and Fed. R. Bankr. P. 2002, 6004, 6006 and 9014 and all other applicable law.

D. Proper, timely, adequate, and sufficient notice of the transactions proposed in the Motion and of the terms of this Order and the reservation of exclusive jurisdiction and injunction to enforce such reservation of exclusive jurisdiction precluding any claims in connection herewith

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion (as defined herein).

from being brought in any court other than the United States Bankruptcy Court for the Western District of Pennsylvania has been provided in accordance with 11 U.S.C. §§ 102(1), and 363(b) and Fed. R. Bankr. P. 2002, 6004, and 9014, and other applicable law, including to all parties to executory contracts and to creditors who have asserted or who could assert Liens and Claims (as hereinafter defined). Such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice of the Motion, the hearing to consider the Motion (the “Hearing”), and/or the sale shall be required.

E. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

F. The Cuarzo Debtors have faithfully exercised their duties in determining to proceed with the transfer of operations to WeCare, or its designated affiliates as the New Operator, and the sub-landlord (collectively, the “New Operator”).

G. The Cuarzo Debtors have demonstrated both (i) good, sufficient, and sound business purposes and justification, and (ii) compelling circumstances for the Transfer of the Purchased Assets to New Operator pursuant to 11 U.S.C. § 363. Such justification and compelling circumstances include, but are not limited to, the fact that (a) the New Operator’s offer constitutes the highest and best offer available for the Purchased Assets because of the exigencies that exist in the Cuarzo Debtors’ business, and the absence of any other better offers from other potential purchasers prior to the Hearing; and (b) consummation of the Transfer of the Purchased Assets presents the best opportunity to realize the highest value for the Purchased Assets and avoid potential decline and devaluation thereof, relieves the bankruptcy estates of significant liabilities and provides a viable path for continued operations of the Cuarzo Facilities in the communities

they serve. No other person, entity, or group of entities has offered to purchase the Purchased Assets for any greater economic value to the Cuarzo Debtors' estates than the New Operator.

H. After consideration of the circumstances described in the Motion and at the Hearing, the Court has determined that the proposed Transfer to the New Operator pursuant to the Operations Transfer Agreement attached as Exhibit B to the Motion, as amended by the Motion (the "OTAs"), represents the best opportunity for the Cuarzo Debtors to realize the greatest value for the Purchased Assets and will provide a greater recovery for the Cuarzo Debtors' creditors than would be provided by any other practical alternative method.

I. The consideration obtained for the Purchased Assets from the New Operator is fair and reasonable, represents the highest and best offer for the Purchased Assets, and is in the best interests of the Cuarzo Debtors, its creditors, and their estates. The purchase price constitutes full and adequate consideration and reasonably equivalent value for the Purchased Assets.

J. The purchase terms, as set forth in this Order and the OTAs, constitute reasonably equivalent value and fair consideration for the Purchased Assets under the Bankruptcy Code, or any other applicable laws of the United States, any state, territory or possession.

K. The purchase terms, as set forth in this Order and the OTAs, are fair and reasonable under the circumstances of these Chapter 11 Cases of the Cuarzo Debtors. The New Operator is a purchaser in good faith with respect to the Purchased Assets, as that term is used in 11 U.S.C. § 363(m). The OTAs, the amendments thereto, and this Order were negotiated, proposed, and entered into by the Cuarzo Debtors and New Operator in good faith, from arm's-length bargaining positions, and without collusion. New Operator is not connected to or in any way related to the Cuarzo Debtors or those in control of the Cuarzo Debtors. The sale process conducted was non-collusive, fair, and reasonable, and it was conducted openly and in good faith. New Operator is

entitled to the protections of 11 U.S.C. § 363(m) with respect to the Purchased Assets. The Transfer of the Purchased Assets to New Operator is a sale in good faith within the meaning of 11 U.S.C. § 363(m). New Operators and the Cuarzo Debtors have not engaged in any conduct that would cause or permit the Transfer or this order to be avoided. New Operator is not an “insider” of the Cuarzo Debtors, as that term is defined in 11 U.S.C. § 101.

L. The Cuarzo Debtors may sell the Purchased Assets free and clear of all Claims, Liens and Encumbrances (as defined below) because, one or more of the standards set forth in 11 U.S.C. §§ 363(f)(1) – (5) have been satisfied. All holders of Claims and Liens (as defined below) and all parties who did not object to the Motion are deemed to have consented to the Transfer pursuant to 11 U.S.C. § 363(f)(2).

M. As a condition to purchasing the Purchased Assets, the New Operator requires that the Purchased Assets be sold free and clear of all Claims and Liens, including but not limited to any liability for any nursing assessment or any other amounts owed by the Cuarzo Debtors to the Commonwealth of Pennsylvania prior to closing, and free and clear of any and all successor liability for any Department of Labor (“DOL”) allegations or claims, on an “as is, where is” basis, without any representations or warranties, except as expressly provided in the OTAs. New Operator would not enter into the OTAs or consummate the Transfer, thus adversely affecting the bankruptcy estates, if the Transfer was not free and clear of all Claims and Liens or if the New Operator was or would be liable for any obligations of or claims (as defined in 11 U.S.C. § 101(5)) against the Cuarzo Debtors other than any liabilities expressly assumed in this Order and the OTAs.

N. Any of the executory contracts and unexpired leases that New Operator has agreed to purchase, be assigned and assumed, and which are in default at the time of the Transfer, shall be cured by the New Operator as provided in the OTAs and the Motion or as otherwise agreed to

by the New Operator and the non-debtor parties to those contracts and leases. The Court finds that the procedures in the Motion governing the assumption and assignment of Executory Contracts are reasonable and are hereby approved.

O. The Cuarzo Debtors have full power and authority to execute and deliver the Purchased Assets, the OTAs and their related documents, and any other documents necessary or appropriate to consummate the Transfer of the Purchased Assets as contemplated under the OTAs. The amendments to the agreements attached as Exhibit B to the Motion set forth in the Motion and the Lease Incentives are hereby approved. All actions contemplated by the OTAs have been duly and validly authorized by all necessary action of the Cuarzo Debtors. No further consents or approvals are required for the Cuarzo Debtors to consummate the transactions contemplated by this Order and the OTAs except as otherwise set forth herein.

P. The transfer of the Purchased Assets to the New Operator is or will be a valid, legal, and effective transfer of the Purchased Assets and will vest New Operator with all right, title, and interests of the Cuarzo Debtors in and to the Purchased Assets, free and clear of all Claims and Liens (as defined below).

Q. All findings of fact and conclusions of law announced by this Court at the Hearing in relation to the Motion are incorporated herein by reference as though fully set forth in this Order.

IT IS HEREBY ORDERED as follows:

1. The Motion is granted and the Transfer of the Purchased Assets is **APPROVED** in all respects and as set forth herein.

2. Any objections to the Transfer that have not been withdrawn, waived, or resolved, and all reservation of rights included in such objections, are hereby **OVERRULED** on the merits.

3. The OTAs and all other transactions contemplated therein are hereby **APPROVED**, and the Cuarzo Debtors and their professionals are authorized, empowered, and directed to perform their obligations under the OTAs and to take such actions as are necessary or appropriate to effectuate the terms of the OTAs and this Order. The failure specifically to include any particular provision of the OTAs in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Transfer and the OTAs be authorized and approved in their entirety. In the event of any inconsistency between the terms of any prior pleading related to the Motion, the OTAs, and this Order, the terms of this Order shall control.

4. Pursuant to 11 U.S.C. §§ 105(a) and 363(f), upon the closing of the Transfer of the Purchased Assets (the “Closing”), the Transfer will be a legal, valid, and effective sale, assignment, and transfer of the Purchased Assets to New Operator of same and shall vest New Operator with good and marketable title to the Purchased Assets free and clear of: (i) any mortgage, lien (as such term is defined in 11 U.S.C. § 101(37) including any mechanic’s, materialman’s, statutory, and any other consensual or non-consensual lien), security interest, charge, hypothecation, deed of trust, pledge, right of use, first offer or refusal, easement, servitude, restrictive covenant, lease, sublease, covenant, right of way, option, restriction (including, without limitation, any restriction on transfer or on the use, voting, receipt of income or other rights or exercise of any attributes of ownership), conditional sale or other title retention agreements, interest, encroachment, or encumbrance of any kind, or claim (as that term is defined in 11 U.S.C. § 101(5)) and including, without limitation, any claim against the New Operator and/or any of the assets or properties of the New Operator (including, without limitation, the Purchased Assets) based on a theory of successor liability, alter-ego, or any similar theory of liability) (all of the foregoing collectively referred to as “Liens”), and (ii) any debt, liability, interest, or obligation (whether direct or indirect,

known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), including, without limitation, all costs and expenses relating thereto, or any nursing home assessments or any amounts owed by the Cuarzo Debtors to the Commonwealth of Pennsylvania prior to closing, and free and clear of any and all successor liability for any DOL allegations or claims (all of the foregoing collectively referred to as “Claims”). All such Liens and Claims shall attach to the proceeds of the Transfer (the “Sale Proceeds”) with the same validity, enforceability, priority, force, and effect that they now have as against the Purchased Assets, subject to the rights, claims, defenses, and objections of all interested parties with respect to such Liens and Claims, including rights of the Cuarzo Debtors’ Estate under Chapter 5 of the Bankruptcy Code, all such issues to be reserved for further Orders of the Court.

5. As of the Closing, all persons and entities holding Liens and/or Claims and their respective successors and assigns, are hereby forever barred, estopped, and permanently enjoined from asserting, prosecuting, or otherwise pursuing such Liens and Claims of any kind and nature against the New Operator, the Purchased Assets, or any other assets or properties of the New Operator, including conditioning the issuance to New Operator of new licenses, new certifications, new Medicaid provider agreements or other payor program agreements on the assumption or payment by New Operator of any nursing assessment, liability or other amount owed by any of the Cuarzo Debtors. As of the Closing, the Court hereby reserves exclusive jurisdiction over this Order and its provisions, and the injunctions provided herein including in this paragraph, barring any Claims from being asserted, and if notwithstanding such injunction such Claims are asserted in violation of this Order, they are required to be asserted in the United States Bankruptcy Court for the Western District of Pennsylvania in furtherance of this Court’s injunction and reservation of exclusive jurisdiction.

6. On and after the Closing, the New Operator will not assume, be liable for, have any responsibility for, or otherwise become obligated in respect of any liabilities or any other obligations of the Cuarzo Debtors, except as set forth in the OTAs and related documents.

7. The New Operator shall not have any liability arising from or under, relating to, or in connection with the Liens or Claims, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, except for the liabilities assumed in connection with the OTAs.

8. The Executory Contracts that being assumed by the New Operator are either (i) executory contracts or unexpired leases under 11 U.S.C. § 365(a) which may be assumed by the Cuarzo Debtors and sold and assigned to New Operator pursuant to the provisions of 11 U.S.C. § 365(f)(2), or (ii) non-executory contracts that may otherwise be sold and assigned to the New Operator according to their terms and applicable law. At the Closing of the Transfer (or as otherwise provided in the Motion procedures governing the assumption and assignment of Executory Contracts) the Cuarzo Debtors are authorized to assume, sell, and assign the Assigned Contracts to New Operator, which shall vest New Operator with all right, title and interest in and to the Assigned Contracts, effective as of the Closing Date or later date of assignment, and the bankruptcy estates shall be relieved of any further obligations or liabilities associated therewith. All such Cure Amount payments shall be paid in connection with the Closing, as set forth in the Motion procedures governing assumption and assignment, or as otherwise agreed between the Cuarzo Debtors, New Operator, and the non-debtor party to the Assigned Contract and shall (a) effect a cure of all defaults existing under the Assigned Contract, (b) compensate for any actual pecuniary loss to such non-debtor party to the Assigned Contract resulting from such default, and (c) together with the assumption of the Assigned Contracts by New Operator, constitute adequate

assurance of future performance by New Operator under the Assigned Contracts. Pursuant to 11 U.S.C. § 365(f) the Cuarzo Debtors are authorized to take all steps necessary to assign the Assigned Contracts to New Operator. This assignment shall not constitute a default under the Assigned Contracts, and neither the Cuarzo Debtors nor New Operator shall have any further liabilities to the non-debtor parties to the Assigned Contracts, other than New Operator's obligations under the Assigned Contracts arising from and after the Closing or later date of assignment to the New Operator under the procedures set forth in the Motion.

9. If any person or entity that has filed financing statements, mortgages, liens, *lis pendens*, or other documents evidencing Liens and Claims against the Purchased Assets sold pursuant to this Order shall not have delivered to the Cuarzo Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens and Claims that the person or entity has with respect to such Purchased Assets, the Cuarzo Debtors, or New Operator after Closing, are hereby authorized and directed to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to such Purchased Assets.

10. Any entities that are presently, or as of the Closing may be, in possession of any portion of the Purchased Assets sold pursuant to this Order are hereby directed to surrender possession of such Purchased Assets to New Operator on the date of the Closing.

11. The transfer of the Purchased Assets pursuant to this Order and the OTAs: (a) is a legal, valid, and effective transfer of the Purchased Assets from the Cuarzo Debtors to New Operator; (b) vests in New Operator all right, title, and interest of the Cuarzo Debtors and all other claimants or parties in interest in and to the Purchased Assets; and (c) constitutes a transfer for reasonably equivalent value and good and adequate consideration under the Bankruptcy Code and

all other law applicable to such transfer. No other person, entity, or group of entities has offered to purchase the Purchased Assets for greater economic value to the Cuarzo Debtors' bankruptcy estates than New Operator.

12. The transactions contemplated by this Order and the OTAs have been bargained for and undertaken by New Operator and the Cuarzo Debtors at arm's length, without collusion, and in good faith within the meaning of 11 U.S.C. § 363(m). New Operator and the Cuarzo Debtors have not engaged in any conduct that would cause or permit this Order or the Transfer to be avoided.

13. Pursuant to 11 U.S.C. § 363(m), if any or all of the provisions of this Order are hereafter reversed, modified, or vacated by a subsequent order of this Court or any other court, such reversal, modification, or *vacatur* shall not affect the validity and enforceability of any obligation or right granted pursuant to the terms of this Order. Notwithstanding any reversal, modification, or *vacatur* of this Order, any actions taken by either New Operator or the Cuarzo Debtors pursuant to the terms of this Order prior to the effective date of any such reversal, modification, or *vacatur* shall be governed in all respects by the original provisions of this Order and the OTAs, as the case may be.

14. Neither New Operator nor the Cuarzo Debtors have engaged in any conduct that would cause or permit the Transfer and/or the OTAs to be avoided pursuant to 11 U.S.C. § 363(n).

15. The Cuarzo Debtors and their professionals be and hereby are authorized, empowered, and directed to take such actions as may be necessary to effectuate the terms of this Order and consummate the Transfer.

16. The Cuarzo Debtors be and are hereby authorized, empowered, and directed to execute and deliver any and all instruments as may be required to effectuate the terms of the OTAs

and this Order. The OTAs and any agreements, documents, or other instruments related to this Order or the transactions contemplated herein may be modified, amended, or supplemented by the parties thereto, in a writing signed by all parties, and in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment, or supplement does not have a material adverse effect on the Cuarzo Debtors' Estate.

17. The provisions of this Order and any actions taken pursuant hereto shall survive any conversion or dismissal of these bankruptcy cases and the entry of any other order which may be entered in these cases, including any order: (i) confirming any plan of reorganization; (ii) converting this case from Chapter 11 to Chapter 7; (iii) appointing a trustee or examiner; or (iv) dismissing this case. The terms and provisions of this Order, as well as the rights granted under the OTAs shall continue in full force and effect and shall be binding upon the Cuarzo Debtors and their successors, assigns, any reorganized debtor, or Chapter 7 trustee applicable to the Cuarzo Debtors and their Estates, or any person acting on the Cuarzo Debtors' behalf, notwithstanding any such conversion, dismissal, or order entry.

18. All of the transfers and other performance set forth in this Order and the OTAs together with the performance under all of the agreements identified herein to be executed and performed at Closing, are part of a single transaction such that the same is not subject to being avoided, rejected, or otherwise terminated or modified by a division or separate treatment of the various agreements or component transactions. Accordingly, the provisions of this Order are non-severable and mutually dependent.

19. The Court shall retain exclusive jurisdiction to enforce the provisions of this Order and to resolve any dispute concerning this Order, the OTAs, and/or the rights and duties of the parties hereunder or thereunder, or any issues relating to the Transfer and this Order, including, but

not limited to, interpretation of the terms, conditions, and provisions hereof, and the status, nature, and extent of the Purchased Assets, and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the Purchased Assets free and clear of Liens and Claims as set forth herein, and as set forth in Paragraph 5 above.

20. New Operator shall obtain from the Cuarzo Debtors all books, records, files and papers, whether in hard copy or computer format, related to the Purchased Assets, including any information relating to any tax imposed on the Purchased Assets; provided, however, that the Cuarzo Debtors may retain copies of the same including copies of computer servers, electronic mail records and financial records of the Cuarzo Debtors. New Operator agrees to maintain in accordance with applicable laws all medical records related to current and former residents of the Cuarzo Facilities.

21. Pursuant to, and to the extent necessary under, Fed. R. Bankr. P. 6004(h) and 6006(d), this Court hereby expressly finds and concludes that there is no just cause for delay in the implementation of this Order. This Order therefore shall not be stayed for fourteen days after its entry. Notwithstanding any provision of the Bankruptcy Code or Federal Rules of Bankruptcy Procedure to the contrary, this Order shall be effective and enforceable immediately upon entry, and any stays thereof, including without limitation pursuant to Fed. R. Bankr. P. 6004(h) and 6006(d), are hereby abrogated.

Prepared by: /s/ Daniel R. Schimizzi
Daniel R. Schimizzi, Proposed Local Counsel to the Debtors

BY THE COURT:

Date: _____, 2024
Pittsburgh, PA

Carlota M. Böhm, Judge
United States Bankruptcy Court

EXHIBIT B

Operations Transfer Agreements

OPERATIONS TRANSFER AGREEMENT

This OPERATIONS TRANSFER AGREEMENT (“Agreement”) is entered into as of October 30, 2023 (“Effective Date”), by and among Monroeville Operations LLC, a Pennsylvania limited liability company (the “Existing Operator”), and Monroeville Opco LLC, a Nevada limited liability company (the “New Operator”). Existing Operator and New Operator are sometimes each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. GPH Monroeville LP, a Delaware limited partnership (“Owner”), is the fee owner of that certain 120-bed licensed skilled nursing facility known as “Monroeville Rehabilitation and Wellness Center” and located at 4142 Monroeville Boulevard, Monroeville, PA 15146-2608 (the “Facility”)

B. Existing Operator is the licensed operator of the Facility, and leases the Facility from Owner pursuant to a Master Lease agreement by and between Owner and Existing Operator, and others (the “Existing Lease”).

C. Concurrently with the execution of this Agreement, (i) Owner and PA 3 SIX MASTER LLC, a Delaware limited liability company (“Master Tenant”) have entered into that certain Lease Agreement dated as of the date hereof (the “Master Lease”) pursuant to which Master Tenant has agreed to lease the Facility and (ii) Master Tenant and New Operator have entered into that certain Sublease, pursuant to which New Operator shall sublet the Facility from Master Tenant.

D. Existing Operator owns certain Assets (as defined herein) used in connection with the operation of the Facility.

E. Existing Operator desires to divest itself of the operations of the Facility and all of its interest in the tangible and intangible property and other interests relating to the operation and/or management of the Facility, all upon the terms and conditions contained in this Agreement.

F. The Parties hereto desire for Existing Operator, subject to the satisfaction of the conditions contained herein, to cease operating the Facility and surrender all rights in and to the Facility, except as provided in this Agreement, and for New Operator to commence operation of the Facility.

G. The Parties wish to provide for an orderly and lawful transition of the operations of the Facility from Existing Operator to New Operator.

H. Concurrently herewith, certain affiliates of Existing Operator identified as “Other Existing Operators” on Exhibit A hereto (the “Other Existing Operators”) and certain affiliates of New Operator identified as “Other New Operators” on Exhibit A hereto (the “Other New Operators”) have entered into those certain Operations Transfer Agreements (the “Other OTAs”) with respect to the skilled nursing facilities identified on Exhibit A hereto (the “Other Facilities”).

I. Certain capitalized terms used herein have the meanings given to them on Exhibit B attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that:

SECTION 1
TRANSFERRED ASSETS; CONDITIONS TO CLOSING;
DELIVERIES UPON CLOSING DATE

1.1 Transferred Assets. Effective simultaneously with the Closing Date (collectively, the “Closing”), Existing Operator agrees that Existing Operator’s rights in and to the Facility and all rights of Existing Operator to occupy or otherwise operate the facility shall terminate, except those rights or obligations which survive or are retained by Existing Operator pursuant to this Agreement, and Existing Operator hereby assigns, transfers, conveys and delivers to the applicable New Operator, all of Existing Operator’s rights, title and interest in and to the following, hereinafter collectively referred to as the “Assets”:

(a) To the extent permitted under the applicable agreements, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all rights of Existing Operator in, to and under the Assumed Facility Agreements;

(b) To the extent permitted under state laws and regulations, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all occupancy, residency, tenancy and similar written agreements entered into in the ordinary course of business with residents, and any amendments or modifications thereof (collectively, the “Resident Agreements” and together with the Assumed Facility Agreements, collectively, the “Operating Agreements”);

(c) All licenses, permits and approvals other than certificates of need (or the equivalent) related to the applicable Facility, to the extent Existing Operator’s interests are assignable and/or transferrable pursuant to Legal Requirements;

(d) All rights, title and interest of Existing Operator in and to any trade names and all variations thereof connected with the applicable Facility;

(e) all inventory and supplies but not less than a quantity of inventory and supplies which is the greater of what is customarily maintained at the Facility or that which a prudent operator would maintain, including, but not limited to, office, foodstuffs, medical, disposables, prescription medications and pharmaceutical inventories and supplies and other inventories, supplies and articles of personal property of every kind and nature attached to or used in connection with the Facility which are owned by Existing Operator;

(f) all furniture, fixtures, furnishings, equipment, appliances, tools, instruments, machinery, computers, computer equipment and hardware, office equipment, trucks, vehicles and other transportation equipment, parts, supplies, time clocks and other tangible personal property owned by Existing Operator as of the date of this OTA or acquired by Existing Operator prior to the Closing Date which are used in connection with the operation of the Facility

(g) All telephone and facsimile numbers relating to the applicable Facility (including all “800” numbers) and all post office box addresses associated with the Facility;

(h) all menus, policies and procedures manuals, operating manuals, training materials, marketing, sales and promotional materials, intellectual property including, but not

limited to, all patents, trademarks, service marks, copyrights (whether or not registered) and registrations and applications therefore, trade names, trade secrets, confidential know-how and similar proprietary information, and/or computer software owned by Existing Operator or used by the Facility to the extent the license for same is transferable and accepted by New Operator; and

(i) Any and all other items of tangible and intangible personal property owned by Existing Operator and used solely in connection with the operation, leasing and maintenance of the Facility (collectively, the “Personal Property”), and any goodwill of Existing Operator associated with the business operated at such Facility.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein the Assets shall not include the following items (collectively, the “Excluded Assets”):

(a) Existing Operator’s rights under this Agreement or any other agreement between Existing Operator and New Operator;

(b) all refunds for taxes, fees, assessments and charges for the period prior to the Closing Date;

(c) amounts of any nature which are or might be due to Existing Operator for goods provided, services rendered, or any other transaction of any type prior to the Closing Date;

(d) refunds, rebates and dividends paid in respect of workers compensation or other insurance premiums paid by Existing Operator prior to the Closing, and refunds and additional recoveries by or payments to Existing Operator from any Person for services, provision of goods or supplies, or any other transactions prior to the Closing Date;

(e) all refunds arising out of retrospective premium adjustments under insurance policies covering the Facility or operations thereof relating to the period prior to the Closing Date;

(f) inventory disposed of in the ordinary course of business prior to the Closing Date;

(g) any provider tax payments related to periods prior to Closing Date;

(h) all security deposits and prepayments paid by Existing Operator to third parties for future services, if any;

(i) any and all Medicaid and Medicare audit and case mix appeal rights and payments for periods prior to Closing Date;

(j) any state Medicaid or Medicare reimbursements or adjustments for services rendered prior to Closing Date;

(k) equipment leased pursuant to any lease that is not an Assumed Facility Agreement;

(l) all Rejected Facility Agreements;

(m) Existing Operator’s corporate minute books and seals;

(n) any insurance proceeds paid or payable to Existing Operator for claims to the extent arising prior to Closing Date;

(o) all of Existing Operator's bank accounts, cash, cash equivalents, securities and accounts receivable (including third party settlements and excluding accounts receivable of the Facility relating to services provided on and after the Closing), prepaid accounts, deposit accounts, deposits, real estate and insurance escrows, inter-company accounts and utility deposits; and

(p) all licenses, permits, approvals and certifications that are not assignable or transferable pursuant to Legal Requirements.

1.3 Conditions to Closing. The obligations of the Parties under this Agreement that are to be performed on the day on which the Closing occurs (the "Closing Date") shall be subject to the following conditions precedent on, and as of, the Closing Date, to the reasonable satisfaction of or the waiver thereof by the party benefitting from such condition, in the absence of which the benefitting party may terminate this Agreement (following written notice to the other party and ten (10) business days to cure such failure):

(a) New Operator shall have received from the appropriate governmental authorities all licenses, certificates, permits and approvals required for the operation of the Facility by New Operator (the "Licenses"), or otherwise shall have confirmed the approval from the appropriate governmental authorities for the issuance of such licenses, certificates, permits and approvals to New Operator upon receipt of evidence of the transfer of the Facility to New Operator;

(b) Owner shall have executed and delivered a termination of the Existing Lease in a form reasonably satisfactory to Existing Operator effective as of the Closing Date;

(c) Existing Operator's representations and warranties contained in this Agreement and any document to be executed and delivered at Closing shall be true and correct in all respects on the Effective Date, as applicable, and all material respects as of the Closing Date with the same force and effect as if made on the Closing Date except that those representations and warranties that contain materiality qualifications and other qualifications based on the word "material" shall be required to be true and correct in all respects and not merely material respects; and

(d) No Material Adverse Change shall have occurred between the Effective Date and the Closing Date with respect to the Facility.

(e) Except with respect to the federal indictment against Mt. Lebanon Operations LLC and certain of its affiliates and the pending proceedings related thereto (the "DOJ Proceeding"), there shall not be any pending or threatened audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement.

(f) There shall not have been imposed against Existing Operator, nor shall have Existing Operator received notice of: (a) any civil monetary penalty ("CMP") or other federal, state or local fine and/or penalty ("Penalty") or (b) any survey deficiency of the severity level of "G" or worse. For the avoidance of doubt, this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to Closing.

(g) The Facility shall not be designated by CMS as a “Special Focus Facility” or placed on the SFF watch list or other list for consideration as an SFF program.

(h) Between the date of this Agreement and the Closing, there shall not have been greater than a five percent (5%) change to the Medicare and Medicaid rates of the Facility.

(i) Census. The seven (7) day average aggregate Census of the Facility and Other Facilities ending ten (10) days prior to the Closing Date shall be no more than seven percent (7%) lower than the aggregate Census of the Facility and Other Facilities as of the date hereof.

(j) All conditions to closing under the Other OTAs in favor of the Other Existing Operators or Other New Operators, as applicable, shall have been satisfied or waived by the applicable party, and the closing under the Other OTAs shall be prepared to occur concurrently with the Closing hereunder.

1.4 Existing Operator’s Deliveries Upon the Closing Date. Existing Operator shall deliver the following to New Operator on the Closing Date:

(a) A bill of sale for the Facility executed by the applicable Existing Operator for the benefit of the applicable New Operator, substantially in the form attached as Exhibit C hereto (the “Bill of Sale”);

(b) An assignment and assumption agreement for the Facility executed by the applicable Existing Operator, substantially in the form attached hereto as Exhibit D (each an “Assignment and Assumption Agreement”);

(c) The Employee Schedule for the Facility including a schedule showing the method of calculation of ETO, certified by an officer of Existing Operator as true, complete and correct in all material respects as of the Payroll Date;

(d) The inventory and supplies included within the Assets, which Existing Operator shall deliver to New Operator by leaving the same at the Facility on the Closing Date;

(e) A certificate executed by an authorized officer of Existing Operator that no Material Adverse Change has occurred between the Effective Date and the Closing Date;

(f) A closing statement setting forth in reasonable detail the financial transactions contemplated by this Agreement, including, without limitation, all prorations, as reasonably approved by Existing Operator and New Operator (the “Closing Statement”);

(g) If requested by Owner, a termination of the Existing Lease with respect to the Facility duly executed by Existing Operator; and

(h) Such other documents as are reasonably requested by New Operator to effectuate the transactions contemplated hereby.

1.5 New Operator’s Deliverables on the Closing Date. New Operator shall deliver the following to Existing Operator on the Closing Date:

(a) The Bill of Sale and the Assignment and Assumption Agreement for the Facility executed by the applicable New Operator; and

(b) The Closing Statement.

SECTION 2 TRANSFER OF OPERATIONS

2.1 Cooperation. The Parties hereto agree to cooperate with each other to effect an orderly transfer of the operation of the Facility on the Closing Date. In furtherance and not in limitation of the foregoing, New Operator and their representatives may request, upon prior notice (which may be by email or telephone) to Existing Operator, to enter the Facility for the purpose of performing due diligence inspections. Upon receipt of such request, Existing Operator shall grant New Operator and their representatives access to the Facility to perform such due diligence inspections at times reasonably agreed upon by the parties to avoid disrupting the applicable Facility, its residents and the Employees.

2.2 Licensure. New Operator shall use commercially reasonable efforts to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date. Existing Operator shall fully cooperate with New Operator to take all actions necessary for New Operator to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date, and, in that regard, Existing Operator agrees, promptly upon request by New Operator, to execute any reasonably necessary documents or notifications required in connection with such efforts. Existing Operator agrees to promptly provide or make available to New Operator, upon request, to the extent such documentation is within Existing Operator's possession or control, any and all existing documentation requested by New Operator necessary for the issuance of the new Licenses. Existing Operator agrees to use commercially reasonable efforts to cooperate with New Operator in obtaining any other approval from a Governmental Entity that is required as a result of the transactions contemplated hereby. In connection with the transfer of the Facility pursuant to the terms of this Agreement, Existing Operator shall, in a timely manner, furnish a letter to any necessary Governmental Entity stating that Existing Operator's licenses will be relinquished contingent upon the issuance of the Licensure to the New Operator. Existing Operator shall otherwise cooperate with New Operator, to the extent reasonably necessary, in order to facilitate the issuance of the new Licensure and shall not voluntarily surrender its license or Medicare provider agreement. Without limiting the foregoing, Existing Operator hereby authorizes New Operator to file an advance notice of the change of ownership of the Facility not less than thirty (30) days prior to the Closing Date, as required under 28 Pa. Code 51.4; 55 Pa. Code 20.58 and 55 Pa. Code 1101.43(b).

2.3 Patient Funds; Advance Payments.

(a) Prior to the Closing Date, Existing Operator shall prepare a Resident Census Report. Within thirty (30) days following the Closing Date, Existing Operator shall update the Resident Census Report to reflect the residents at the Facility as of the Closing Date.

(b) Prior to the Closing Date, Existing Operator shall prepare a true, correct and complete accounting, properly reconciled, of any Resident Trust Funds then held by Existing Operator for residents at the Facility. On the Closing Date, Existing Operator shall transfer the Resident Trust Funds to bank accounts designated by New Operator, and New Operator shall, in writing, acknowledge receipt of and expressly assume all of Existing Operator's financial and custodial obligations with respect thereto, it being the intent and purpose of this provision that, upon such transfer, Existing Operator will be relieved of all fiduciary and custodial obligation with respect to such Resident Trust Funds and that New Operator will assume all such obligations and be directly accountable to the residents with respect thereto. Within thirty (30) days following the Closing Date, Existing Operator shall update such accounting, properly reconciled, as of the Closing Date. The provisions of this Section 2.3(b) shall survive the Closing.

2.4 Employees.

(a) At a time mutually agreed to by Existing Operator and New Operator (but in no event earlier than fifteen (15) days prior to the Closing Date), New Operator shall notify the individuals employed by Existing Operator or any of their affiliates at the Facility (collectively, the “Employees”, which shall not include any employee of Existing Operator or their affiliates who is employed both to the Facility and any other facilities or operations not included in the Facility) of the transactions contemplated in this Agreement (the “Employee Notification”). Prior to the Employee Notification, New Operator shall not meet or talk to any Employees except as specifically agreed to by Existing Operator in its sole discretion. Following the Employee Notification, New Operator shall be entitled to meet and talk to the Employees at times reasonably agreed upon by the Parties to avoid disrupting the Facility, the residents and the Employees.

(b) Concurrently with the delivery of the Employee Notification, Existing Operator shall notify the Employees employed by Existing Operator or their affiliates that Existing Operator will terminate their employment as of 11:59 p.m. Eastern Time on the day prior to the Closing Date. In New Operator’s sole discretion, New Operator may offer full-time and part-time Employees at the Facility employment with New Operator with the types of benefits offered in New Operator’s sole discretion. Those individuals who receive and accept an offer of employment are referred to herein as the “Transitioned Employees”. Notwithstanding the foregoing, New Operator shall not be obligated to hire any Employee not approved by New Operator, including, without limitation, any Employee who does not meet New Operator’s current standards for employment. Existing Operator shall take such action as required by law necessary for Existing Operator to maintain all liability for non-Transitioned Employees’ health benefits under the Consolidated Omnibus Budget Reconciliation Act.

(c) Notwithstanding the foregoing, New Operator shall offer employment to such number of the Employees, and upon such terms and conditions of employment, so as not to constitute a mass layoff or a plant closing under the Worker Adjustment and Retraining Notification (“WARN”) Act, 29 U.S.C. § 2101 et seq. The Parties do not anticipate that there will be any major employment losses as a consequence of the transactions contemplated by this Agreement that might trigger obligations under the WARN Act, or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as “WARN Obligations”). To the extent that any WARN Obligations might arise with respect to the Employees at the Facility solely as a consequence of the applicable New Operator’s failure to continue employment of a minimum number of Employees of the applicable Existing Operator that results in an employment loss (as defined in the WARN Act) within the applicable window under the WARN Act, such New Operator shall be responsible for any WARN liabilities, losses, or claims arising from such New Operator’s failure to continue to employ the requisite number of Employees as required under the WARN Act. The terms and provisions of this Section 2.4(c) shall survive the Closing.

(d) As soon as practicable following the most recent payroll date after the date hereof and again as soon as practicable following the most recent payroll date prior to Closing (each, a “Payroll Date”), Existing Operator shall deliver to New Operator a schedule (the “Employee Schedule”) setting forth: (1) the name of each of the Employees, (2) the Facility at which they are employed, (3) their positions and rates of pay and all applicable Existing Operator sponsored health benefits plans that each Employee participates in, and (4) Existing Operator’s liability for the Employees’ awarded and unused vacation time as of the Payroll Date, calculated in accordance with Existing Operator’s policies and as required by law (“ETO”). The Employee Schedule shall be updated as of the Closing Date and then attached hereto as Schedule 2.4(e).

(e) At least ten (10) days prior to the Closing Date, New Operator may elect, in its sole discretion, to assume the liability for the ETO of the Transitioned Employees (such elected amount, the “Assumed ETO”). In the event New Operator elect to assume the liability for the Assumed ETO of Transitioned Employees, (i) upon receipt of the payment from Existing Operator, New Operator shall be

responsible for the Assumed ETO of all Transitioned Employees on and after the Closing Date, and (ii) Existing Operator shall pay to New Operator on the Closing Date seventy percent (70%) of the amount of such Assumed ETO. In the event that New Operator elect not to assume the liability for the Assumed ETO, Existing Operator shall pay to each Employee of the Facility, including the Transitioned Employees, on or prior to the first payroll date following the Closing Date, the ETO payable to such Employees in accordance with Existing Operator's employment policies and applicable law. Existing Operator shall be responsible for paying or providing all applicable Employees with all other benefits to be provided to such Employees for all periods prior to the Closing Date.

(f) Intentionally Omitted.

(g) Existing Operator shall remain liable for all group health plan continuation coverage pursuant to the requirements of Section 601, et seq. of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder, as in effect from time to time, and Section 4980B of the Code ("COBRA"), for all Employees who are not Transitioned Employees as it may be required under applicable law. Existing Operator acknowledges and agrees that New Operator is not assuming any of Existing Operator's obligations to such Employees and/or qualified beneficiaries under COBRA or otherwise, except as specifically provided in this Agreement. New Operator shall be liable for all group health plan continuation coverage pursuant to the requirements of COBRA, for all Transitioned Employees who are subsequently terminated by New Operator after the Closing Date.

(h) Nothing in this Agreement shall create any rights in favor of any person not a party hereto, including the Employees, or constitute an employment agreement or condition of employment for any employee of Existing Operator or the New Operator or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by New Operator of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and the New Operator shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of any Existing Operator or its Affiliates.

(i) Concurrently with the delivery of the Employee Notification, Existing Operator shall deliver notices of the operations transfer contemplated herein (in forms reasonably acceptable to New Operator) to residents and responsible parties, referral sources and vendors.

2.5 Accounts Receivable.

(a) New Operator shall assume responsibility for the billing for and collection of payments on account of services rendered by it at the Facility on and after the Closing Date. Existing Operator shall retain all rights in and title to accounts receivable for services rendered at the Facility prior to the Closing Date (the "Existing Operator's Accounts Receivable") and shall retain full responsibility for the collection thereof. Existing Operator's Accounts Receivable shall include all amounts due to Existing Operator, whether billed or unbilled, prior to the Closing Date, for all services and ancillary services or products provided to any current or former residents at the Facility by Existing Operator prior to the Closing Date and any accounts receivable arising from the rate adjustments which relate to periods prior to the Closing Date even if such adjustments occur after the Closing Date.

(b) All private pay or third party payor payments that designate the dates of service or other identifying data on the remittance received by New Operator from and after the Closing Date shall relate to the period prior to the Closing Date or after the Closing Date, as the case may be, in connection with the account of the resident of the Facility for whom the payment is made in accordance with the dates of service or other identifying data indicated on the remittance, and the applicable New Operator shall remit to the applicable Existing Operator any payment received by such New Operator that applies to Existing

Operator's Accounts Receivable, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by New Operator; provided, however, in the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and within sixty (60) days after the Closing Date, such payment will be first applied to the applicable Existing Operator's Accounts Receivable if properly and fully identified to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' ancillary charges for the month immediately preceding the Closing Date, with any excess to the applicable New Operator. In the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and subsequent to the sixtieth (60th) day following the Closing Date, such payment will be applied to the applicable New Operator's accounts receivable, unless the applicable Existing Operator properly and fully identified such payment to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' and patients' ancillary charges for the month immediately preceding the Closing Date. Notwithstanding anything contained herein to the contrary, advance payments received from private pay residents and patients billed by New Operator shall be retained by New Operator; provided such payments are for services received after the Closing Date. All private pay or third party payor payments received by Existing Operator that designate the dates of service or other identifying data on the remittance from and after the Closing Date shall be remitted by Existing Operator to New Operator, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by Existing Operator.

(c) In addition, the applicable New Operator shall remit to the Existing Operator any repayment or reimbursement received by New Operator arising out of cost reports filed for the cost reporting period ending prior to the Closing Date. Such remittances shall be made on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by New Operator. Each Existing Operator agrees that any payment, whether received by New Operator from private pay residents and patients or as repayment or reimbursement arising out of cost reports, that pertain to services provided in the period commencing from and after the Closing Date shall be remitted by such Existing Operator to the applicable New Operator on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by such Existing Operator.

(d) To the extent any Party receives any proceeds from the accounts receivable of the other Party, the Parties acknowledge that the Party receiving the payment belonging to the other Party shall hold the payment in trust. No Party shall have any right to offset with respect to such accounts receivable, and the Party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by the remitting party. For a period of six (6) months following the Closing Date, Existing Operator and New Operator shall provide each other with an accounting by the twentieth (20th) day of each month setting forth all amounts received by either of them during the preceding month with respect to accounts receivable. Nothing herein shall be deemed to limit in any way either party's rights and remedies to recover accounts receivable due and owing to it under the terms of this Agreement.

2.6 Payment of Operating Costs, Prorations and Deposits.

(a) Except as otherwise expressly provided herein, Existing Operator shall be responsible for, and shall pay on a timely basis, claims or charges which are owed to third parties arising from Existing

Operator's use, operation or control of the Facility, including bed taxes, payroll, taxes (including real estate taxes and assessments), insurance premiums, utilities, including water, fuel, gas, oil, heat, electricity and other utilities, operating charges, prepaid service contracts, amounts due under executory obligations, amounts due to any third party vendors, including amounts due under any Operating Agreements, and similar obligations for all periods prior to the Closing Date.

(b) New Operator, to the extent they utilize the services provided by third parties, shall be responsible for, and shall pay on a timely basis, any claims or charges which are due to such third parties arising from the use, operation or control of the Facility from and after the Closing Date.

(c) Revenues and expenses pertaining to utility charges for the billing period in which the Closing takes place, prepaid expenses and like items of revenue or expense attributable to the Facility shall be prorated between Existing Operator and New Operator as of the Closing Date. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to Existing Operator. In general, such prorations shall be made so as to reimburse Existing Operator for actual prepaid expense items, and to charge Existing Operator for prepaid revenue items, to the extent that the same are attributable to periods after the Closing Date.

(d) To the extent any third party utility provider delivers final readings as of the Closing Date, Existing Operator shall be responsible for paying such final invoice amount, which shall be reflected in the Closing Statement as a debit to Existing Operator. Utility charges that are not metered and read on the Closing Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

(e) On the Closing Date, Existing Operator shall remove from the Facility any petty cash and any other funds maintained at or for the Facility immediately prior to the Closing Date, other than Resident Trust Funds, which shall be handled in the manner set forth in Section 2.3.

2.7 Future Settlement. All amounts owing from one party hereto to the other party hereto, excluding amounts in respect of Section 2.3 hereof, that require adjustment after the Closing Date, including without limitation, adjustments to the amount of Assumed ETO paid to New Operator under Section 2.4 hereof and prorations or re-prorations of any claims or charges according to Section 2.6 regardless of whether such claims or charges are included in the Closing Statement, shall be settled within three (3) months after the Closing Date. If, thereafter, a party hereto determines that any further adjustment is to be made, such party shall submit a statement to the owing party setting forth any and all such items and the calculation of the amounts due hereunder. Such statement shall be submitted with appropriate backup materials. If amounts are owing from New Operator to Existing Operator, New Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to Existing Operator or to question or dispute in writing any item thereon. If amounts are determined to be owing from Existing Operator to New Operator, Existing Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to New Operator or to question or dispute in writing any item thereon.

2.8 Medicare, Medicaid and other Third Party Payors.

(a) As of the Closing Date, each applicable New Operator shall assume any and all of each applicable Existing Operator's rights and interests in and to such Existing Operator's Medicare provider numbers and Medicare provider reimbursement agreement, and the applicable New Operator shall secure Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names. Each Existing Operator and each New Operator acknowledges and agrees that New Operator are not expected to have received their "tie in" notices from the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services with respect to such Existing Operator's Medicare provider

agreement or a new Medicare provider agreement as of the Closing Date. Prior to New Operator's receipt of their tie in notices and provider agreements, Existing Operator agrees that New Operator shall be permitted to bill for services performed following the Closing under Existing Operator's Medicare and Medicaid provider numbers, to the extent permitted by applicable law. For any period during which New Operator are billing for services performed following the Closing under Existing Operator's Medicare or Medicaid provider numbers, New Operator shall be responsible for and shall pay directly to the applicable Medicare or Medicaid providers, fiscal intermediaries or other governmental or non-governmental authorities any and all costs associated with New Operator's use of such Medicare or Medicaid provider numbers, including, without limitation, any provider taxes associated therewith. Each Existing Operator agrees to cooperate with the applicable New Operator in the assignment of such Existing Operator's Medicare provider agreements to New Operator and the issuance of a new Medicaid provider agreement to New Operator, including completing those portions of Form 855A which confirm the change of ownership of the applicable Facility and the assignment by such Existing Operator of such Existing Operator's Medicare provider agreements to the applicable New Operator and providing to New Operator or any Governmental Entity any information requested to effect the transfer of such Existing Operator's Medicare provider numbers or the issuance to the applicable New Operator of a new Medicaid provider number and Medicaid provider reimbursement agreement. New Operator expressly does not assume, and the assumption by New Operator of each Existing Operator's Medicare provider agreements shall not be construed to impose upon New Operator, any obligations under such Existing Operator's Medicare or Medicaid provider agreements arising with respect to occurrences during the period before the Closing Date.

(b) Nothing set forth herein shall be deemed to limit in any way (i) Existing Operator's right, title, and interest in their cash and accounts receivable for services rendered prior to the Closing Date, which cash and accounts receivable are property of Existing Operator and shall be reimbursed or retained, as applicable, in accordance herewith, and (ii) Existing Operator's ability to complete any remaining billing for services rendered prior to the Closing Date under Existing Operator's Medicare and Medicaid provider numbers. To the extent permitted by such contracts and Legal Requirements, New Operator agrees that (i) following receipt by each New Operator of its "tie in" notice with respect to the applicable Existing Operator's Medicare provider agreement, such Existing Operator may continue to bill under such Medicare provider agreement for services rendered prior to the Closing Date, and (ii) the applicable Existing Operator may file for reimbursable bad debt on the applicable New Operator's Medicare cost report for the first cost report year following the Closing Date.

(c) Existing Operator and New Operator understand that reimbursements from Medicare or Medicaid for items/services provided/rendered after the Closing Date may continue to be issued to Existing Operator for a period of time. If and to the extent they include payment for periods on and after the Closing Date and New Operator is entitled to such payments in accordance with the priority for such remittances as set forth in Section 2.5(b) of this Agreement, Existing Operator shall forward all such Medicare or Medicaid reimbursements in accordance with Section 2.5(b) to the accounts designated in writing by New Operator to Existing Operator until such time as reimbursements are remitted directly to New Operator by Medicare and Medicaid. New Operator, in their reasonable discretion, may approve an alternative method of receiving such funds. Existing Operator shall, or shall cause the applicable affiliates of Existing Operator to, prepare and file with the appropriate governmental authorities final cost reports for the Facility within the time frame required by law.

(d) From and after the Closing Date until any Medicaid managed care provider plans are updated with New Operator's provider information, New Operator agrees that they shall not bill for services provided on and after the Closing Date under Existing Operator's Medicaid managed care provider plans

using Existing Operator's provider information. With respect to any commercial managed care provider plans, New Operator acknowledge and agree that they will obtain their own commercial managed care provider plans and shall not be permitted to bill under Existing Operator's commercial managed care provider plans. Prior to the Closing, Existing Operator agrees to provide New Operator with contact information for all appropriate points of contact for all managed care and HMO third party payors of the Facility so that New Operator can discuss obtaining its own managed care and HMO contracts with respect to such third party payors.

2.9 Facility Records. As of the Closing Date, Existing Operator shall provide the Facility Records to New Operator by leaving all such Facility Records at the Facility, provided, however, that Existing Operator shall be entitled to keep such copies of all Facility Records as they may deem necessary and as permitted by law. New Operator will maintain the Facility Records, to the extent required by law. New Operator shall allow Existing Operator and its affiliates, agents and representatives, at Existing Operator's sole cost and expense, to have reasonable access during regular business hours upon reasonable prior written notice and to make copies of, the Facility Records, to the extent reasonably necessary to enable Existing Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Existing Operator, and to perform similar matters. From and after the Closing Date, New Operator shall be solely responsible for caring for the residents of the Facility in accordance with their contractual rights and in accordance with law. New Operator shall preserve the existence and maintain the confidentiality of the resident records transferred to New Operator pursuant to this Agreement in accordance with federal and state law.

2.10 Deposits. All deposits, if any, held by a utility or other party to an executory contract shall remain the property of Existing Operator, and New Operator shall be required to post their own replacement security deposits, including, but not limited to, any security deposits required under any Assumed Facility Agreements.

2.11 Compliance with Laws. The Parties shall comply in all material respects with all Legal Requirements, and with all applicable rules and regulations of all governmental authorities, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

2.12 Accounts Payable. New Operator agrees to assume all accounts payable for supplies and other goods or equipment ordered under any Assumed Facility Agreement and any supplies ordered in the ordinary course of business and received at the Facility on and subsequent to the Closing Date, and for services ordered under any Assumed Facility Agreement or in the ordinary course of business and rendered and performed on and subsequent to the Closing Date. Existing Operator shall be responsible for all other accounts payable for the period prior to the Closing Date.

2.13 Inspections and Surveys.

(a) Existing Operator shall be responsible for the payment of all fines and penalties imposed by any Governmental Entity which fines and penalties arise in connection with any regulatory investigations, inspections or surveys occurring either prior to or on and after the Closing Date and which are related to events that occurred at or operations of the Facility prior to the Closing Date. New Operator shall be responsible for the payment of all fines and penalties imposed by Governmental Entities which fines and penalties arise in connection with any regulatory inspections or surveys on or after the Closing Date and which are related to the operations of the Facility on or after the Closing Date. Existing Operator shall assist, as appropriate, New Operator in establishing any plans of correction or other responses to be submitted by New Operator after the Closing Date for surveys or inspections that relate to events or circumstances occurring both prior to and on or after the Closing Date within the time allowed for such submissions; however, New Operator's determination as to such plan of correction or other submission shall

be controlling, and New Operator shall be responsible for and bear all costs and expenses (including fines for any delays in submission) as a result of implementing such plan of correction or other submission. Other than fines and penalties related specifically to incidents that occurred prior to the Closing Date, in no event shall Existing Operator be responsible for any fines, penalties or other costs or expenses related to any regulatory inspections or surveys on or after the Closing Date that relate to a physical condition or operational practice at the Facility that existed both prior to and on or after the Closing Date and of which New Operator intentionally fails to cure; provided that the foregoing shall not limit any representation, warranty or covenant of Existing Operator hereunder.

(b) Existing Operator shall provide to New Operator, promptly after receipt of the same, any survey reports, waivers of deficiencies, plans of correction or any other investigation reports issued with respect to the Facility between the Effective Date and the Closing Date and received by Existing Operator. Existing Operator shall notify New Operator immediately upon the occurrence of any survey or investigation of the Facility, regardless of whether the applicable Governmental Entity has issued a formal report or finding (such notice may be done verbally by telephone if promptly followed by written notification).

2.14 Operating Agreements.

(a) With respect to the Resident Agreements, as of the Closing Date, Existing Operator shall assign to New Operator, and New Operator shall accept assignment of the Resident Agreements subject to the representation and warranty of Existing Operator that none of such Residency Agreements (i) deviate in any material respect from the standard form of resident agreement used by Existing Operator at the Facility, (ii) entitle any private pay resident to care at no cost, nor (iii) entitle any resident to care for a reduced cost from that charged to other private pay residents of the Facility, other than discounts that may be offered to a resident in the ordinary course of business.

(b) Set forth on Schedule 2.14(b) is a true, complete, and correct schedule of all written contracts, leases, subleases, agreements, commitments and other arrangements, and any amendments or modifications thereof, used or useful exclusively in the operation of the Facility (collectively, the "Facility Agreements") as of the Effective Date (it being understood and agreed that Existing Operator will use their commercially reasonable efforts to ensure such list is true, complete and correct and that such list shall not include any national contracts entered into by any Existing Operator or any affiliate of Existing Operator that relate both to the Facility and any other facilities or operations not included in the Facility (collectively, the "National Contracts")). Existing Operator shall not assign and New Operator shall not assume any of the Facility Agreements. On or before the date that is thirty (30) days prior to the Closing Date, New Operator will provide Existing Operator with a list of the Assumable Contracts, if any, that the New Operator desire to assume as of the Closing Date; provided that New Operator's failure to deliver such list within such time period shall be deemed as an election by New Operator not to assume any Assumable Contracts. Any such Assumable Contracts that New Operator desire to assume shall be referred to herein as "Assumed Facility Agreements". All Facility Agreements that are (i) not Assumed Facility Agreements or (ii) which are not assignable by their terms and accordingly cannot be included in the Assumed Facility Agreements or (iii) which are designated by New Operator as Assumed Facility Agreements but for which consent to assign cannot be obtained by Existing Operator by Closing shall be deemed "Rejected Facility Agreements".

(c) With respect to the Assumed Facility Agreements, as of the Closing Date:

(i) The same shall be assigned to, and assumed by, New Operator pursuant to the Assignment and Assumption Agreements.

(ii) If required by the applicable Assumed Facility Agreement, the other party (i.e. vendor, etc.) shall, utilizing a form reasonably acceptable to Existing Operator and New Operator, be notified by Existing Operator that the applicable Assumed Facility Agreement is being assigned to, and assumed by, New Operator. Such assumption shall not be deemed to make New Operator liable for any obligations related to the Assumed Facility Agreement prior to the Closing Date.

(iii) Existing Operator shall use commercially reasonable efforts to obtain the consent of the vendors of each Assumed Facility Agreement that requires consent to assignment and shall provide New Operator with periodic status reports with respect thereto.

(d) With respect to any Facility Agreement that is not assignable or for which the other party's (i.e. lessor, etc.) consent to assign is required but cannot be obtained, the other party (i.e. vendor, etc.) shall be notified by Existing Operator that such Facility Agreement shall be terminated as of the Closing and that any liability which has accrued prior to the Closing remains the sole responsibility of Existing Operator and that none of the Facility or New Operator are liable for payment or performance on account thereof. Existing Operator shall be liable for all penalties and fees associated with such terminations.

(e) Intentionally Omitted.

(f) Upon written request from New Operator prior to Closing, Existing Operator agrees that they shall continue, for a period of sixty (60) days following the Closing Date, as the named parties on the following Facility Agreements to the extent such Facility Agreements are Rejected Facility Agreements:

- (i) Any telephone service agreements;
- (ii) Any data or voice circuit agreements; and
- (iii) Any cable or satellite television contracts.

Such Facility Agreements shall continue following the Closing Date in a manner and at levels consistent with how such services were provided to the Facility immediately prior to the Closing Date. In the event New Operator elect to have such Facility Agreements continue following the Closing Date, New Operator shall pay Existing Operator at Closing an amount equal to the "prevailing rate" (as defined herein) for such sixty (60) day period for the service to be provided to New Operator, which amount shall be subject to adjustment after the Closing Date in accordance with Section 2.8 based on actual charges incurred by Existing Operator for such services with respect to such sixty (60) day period. For purposes hereof, the term "prevailing rate" means the then current rate charged to Existing Operator by the provider of such utilities, including any applicable taxes and other charges. New Operator shall use its best efforts to obtain these services directly from the current service provider or another service provider prior to the end of the 60-day term, and Existing Operator shall have the right to terminate any applicable Facility Agreements following the end of such 60-day term.

2.15 Remittances, Mail and Other Communications. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by Existing Operator or their affiliates at any time after the Closing Date relating to periods of operations on and after the Closing Date shall be promptly turned over to New Operator. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by New Operator or their affiliates at any time after the Closing Date relating to periods of operations prior to the Closing Date shall be promptly turned over to Existing Operator.

2.16 Obligations of New Operator. Any obligation this Agreement imposed upon New Operator shall not preclude New Operator from also imposing that obligation upon, or implementing that obligation through a management company; provided, however, that it is expressly understood and agreed that nothing contained in this sentence shall relieve New Operator from their liability for such obligations under this Agreement.

2.17 Excluded Liabilities. Except as specifically and unambiguously provided for in this Agreement, New Operator shall not assume any liabilities or obligations of Existing Operator whatsoever, fixed or contingent, whether known or unknown, including, without limitation, any liabilities or obligations related to or arising from Existing Operator's operation of the Facility prior to the Closing Date (collectively, the "Excluded Liabilities"). Existing Operator acknowledge that Existing Operator are retaining, and shall be liable for all of the Excluded Liabilities, which Existing Operator will pay, discharge and perform, as applicable, in the ordinary course of business. Existing Operator shall retain all of its liabilities and obligations of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of or by reason of the ownership or operation of the Assets, the Facility and/or the Business prior to the Closing Date. Except to the extent expressly and unambiguously expressed herein to the contrary, New Operator is not the successor to liability of Existing Operator and is not herein assuming any liability or detriment from, arising from, out of, or relating to, Transferor's ownership of the Assets, the Facility or any activity of Existing Operator prior to the Closing Date or conduct of Existing Operator after the Closing Date. Transferee does not and shall not assume any payable of Existing Operator, governmental claim or charge, liability of any governmental claim or charge, liability for any general liability, malpractice, professional liability, resident rights violations, or violation of employee rights or contracts, whether such claims arise in Law, equity, in tort, contract, from statute, common law, or from any other source or precedent. Existing Operator shall retain all of the foregoing liabilities and obligations (the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Existing Operator shall retain and New Operator shall not assume, (i) any Medicaid and/or Medicare liabilities for the period prior to the Closing, all of which Existing Operator agrees to satisfy in full as and when due; (ii) accrued expenses which were incurred in the ordinary course of business of the Facility; (iii) any indebtedness of Existing Operator; (iv) Liens affecting the Assets; (v) any liability or obligation of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Facility prior to the Closing; (vi) any violation of the Worker Adjustment and Retraining Notification Act or similar laws (the "WARN Act") with respect to the operation of the Facility as a result of the consummation of the transactions contemplated by this Agreement; (vi) any liability with respect to the employees or former employees, or both; (vii) any liabilities of Existing Operator that relate to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment for periods relating prior to the Closing Date; (viii) any RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement; (ix) any liability or obligation for any funds received from the Medicare Accelerated and Advance Payment Program or any Payroll Protection Program Loans or any state equivalent and/or stimulus money received by the Facility and/or Existing Operator from the state and/or federal government or any other source and/or any Department of Health and Human Services stimulus monies; (x) any and all cost, expense, loss and/or liability in connection with the DOJ Proceeding and/or DOL Proceeding (as defined in Section 4.4) or the results thereof; and/or (xi) any liability or obligation

of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Excluded Assets.

2.18 Computer Systems. Prior to the Closing Date, the parties will work cooperatively to develop a plan to put New Operator's operating systems in place at the Facility in order to insure orderly transition of the operations at the Facility, and each Party will use its commercially reasonable efforts to coordinate logistics relating to the implementation of New Operator's operating systems at the Facility.

2.19 Intentionally Omitted.

2.20 Intentionally Omitted.

2.21 Interim Operations. Between the Effective Date and the Closing Date, Existing Operator shall operate the Facility in the ordinary course of business and in materially the same manner as it has heretofore operated the Facility. Without limiting the generality of the preceding sentence, Existing Operator shall not: (i) sell, transfer or otherwise dispose of any furniture, fixtures or equipment constituting Assets from the Facility except in the ordinary course of business consistent with the prior practices of Existing Operator, in which event, Existing Operator shall replace the same with similar property of materially equal quality, value and usefulness (except with respect to disposed property that has no useful value); (ii) transfer residents from the Facility to a nursing facility owned, operated or managed by Existing Operator or any of its Affiliates, where such transfer is not in the ordinary course of business and not (a) for reasons relating to the health and well-being of the resident transferred, (b) for the election to transfer by the resident or his or her family or attorney-in-fact, or (c) otherwise required by applicable Legal Requirements, (iii) maintain all existing policies of insurance (or comparable policies) of or relating to the Assets and the Facility in full force and effect; (iv) use its commercially reasonable efforts to preserve Existing Operator's existing relationships with suppliers, distributors, customers and others having business relations with Existing Operator such that the Facility will not be impaired; (v) refrain from delaying such repair and/or replacement as a result of the pending transfer; (vi) use its commercially reasonable efforts to keep available the services of the present officers and employees of Existing Operator involved in the day to day operation of the Facility; (vii) use its commercially reasonable efforts to maintain the quality of care provided to residents; (viii) replace inventory, supplies and equipment consistent with past practice; (ix) market, invoice and collect revenue consistent with past practice; (x) use its commercially reasonable efforts to maintain resident census and not permit a drop in census or case mix which would materially impact the Facility revenue; (xi) avoid immediate jeopardy violations, maintain provider agreements without suspension, qualification or limitation or revocation, and avoid what is commonly known as a "ban on admission" or imposition of civil money penalties or the providing of substandard care; and (xii) otherwise operate the Facility so as not to cause a breach of any covenant or warranty contained in this OTA.

SECTION 3 TIME OF CLOSING

The Closing Date shall occur on the first (1st) day of the month following the date on which the Pennsylvania Department of Health ("Pa. DOH") and/or the Pennsylvania Department of Human Services ("Pa. DHS" and, collectively, the "Department") issues written approval for the issuance of the operating Licenses to New Operator for operation of the Facility and the conditions set forth in Section 1.3 are

satisfied. Notwithstanding anything to the contrary contained herein, if the Closing has not occurred by April 1, 2024 (the "Outside Date") this Agreement shall automatically terminate at 11:59 p.m. ET on the Outside Date, in which event neither Party shall have any further right or obligation under this Agreement except for those obligations that survive such termination as expressly set forth herein.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF EXISTING OPERATOR

Existing Operator hereby represent and warrant as follows to New Operator:

4.1 Authority, Validity and Binding Effect. Each Existing Operator has all necessary limited liability company power and authority to carry on its business as it is now being conducted. Each Existing Operator is duly organized and in good standing under the laws of the Commonwealth of Pennsylvania. Each Existing Operator is authorized to do business in the Commonwealth of Pennsylvania. Each Existing Operator has all necessary limited liability company power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individuals executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Existing Operator and is enforceable against Existing Operator in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, moratorium, liquidation, reorganization or other similar laws affecting the enforcement of creditors' rights in general.

4.2 No Defaults. The execution and delivery of this Agreement and any documents contemplated hereby by Existing Operator, and the performance of their obligations hereunder, do not and will not:

(a) conflict with or result in any material breach of the provisions of, or constitute a default under the certificate of formation or limited liability company agreement of any Existing Operator;

(b) violate any material restriction to which any Existing Operator is subject or, without the giving of notice, passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any material license, authorization, permit, or other material agreement or instrument to which any Existing Operator is a party, which will not be satisfied or terminated with respect to the Facility prior to the Closing Date as a result of the transactions contemplated by this Agreement or result in the termination of any such instrument or termination of any provisions in such instruments that will result in the impairment of any of Existing Operator's rights under such instruments; and

(c) constitute a violation of any applicable material resolution, rule, regulation, law, statute or ordinance of any Governmental Entity, or any judgment, decree, writ, injunction or order of any court to which Existing Operator is subject or by which their assets are bound, or any credit agreement or other financing arrangement to which any Existing Operator is a party.

4.3 License and Governmental Permits.

(a) The Facility is a duly licensed skilled nursing Facility pursuant to a current unrestricted and unconditional license for the 120 skilled nursing beds and, has current provider agreements under Titles XVIII and XIX of the Social Security Act (the "Medicaid/Medicare Programs") for reimbursement of long term nursing care. All rights, properties and assets required by PADOH or CMS for the operation of the Facility is either owned by Existing Operator or licensed or leased to Existing Operator and are included in the assets

being transferred under this Agreement. The Existing Operator is currently established and licensed by PADOH to operate the Facility pursuant to the Laws of the State of Pennsylvania. The Facility participates as a provider in the Medicaid/Medicare Programs pursuant to current Medicare and Medicaid provider agreements and the Existing Operator is in compliance with all requirements for participation in the Medicaid/Medicare Programs. Existing Operator has neither received written notice nor has actual knowledge of any action threatened or recommended by any state or federal agency to terminate, suspend, qualify, or limit the participation of the Facility in the Medicaid/Medicare Programs. Existing Operator and the Facility have all licenses, certifications, certificates of need, governmental licenses or other licenses (including, without limitation, a valid certificate of occupancy for the Facility allowing the operation of a skilled nursing facility), waivers, permits and other authorizations required to be maintained by Existing Operator for the legal use occupancy and operation of the Facility ("**Permits**"), from appropriate federal, state and/or local agencies which are material to the operation of the Facility, all of which are now and as of the Closing shall be in good standing and in full force and effect or acceptable to New Operator. Existing Operator owns and/or possess, and hold free from restrictions or conflicts with the rights of others, all Permits and has operated the Facility in such a manner that the Permits remain in full force and effect. Existing Operator has no actual knowledge of any facts relating to the Facility that would preclude or limit New Operator from operating the Facility and using all the beds of the Facility as they are currently licensed for the purpose for which they are licensed.

(b) Except as set forth on Exhibit 4.3(b) there are no enforcement actions pending and/or threatened against the Facility and/or Existing Operator due to non-compliance with a condition of participation or repeat deficiencies under State licensing laws and Existing Operator has received no written notification that Existing Operator, the Facility or any of its practices pertaining to the Facility is in violation of any permit or any Law, rule, regulation or order. Existing Operator has not has any deficiencies on its most recent survey (standard or complaint) that would result in a denial of payment for new admissions, nor been cited with any substandard quality of care deficiency (as that term is defined in Part 488 of 42 C.F.R.) on its most recent survey.

(c) Existing Operator does not have knowledge and has not received written notice of any violations of the Life Safety Code, fire, building and other applicable codes, ordinances, rules, regulations and current zoning requirements that have not been cured or for which Existing Operator has not received a waiver from PADOH.

(d) Each Permit with respect to the Facility (i) has not been (A) transferred to any location other than the Facility or (B) pledged as collateral security, (ii) is and will continue after the Closing to be held free from restrictions or known conflicts that would materially impair the use or operation of such Facility as intended, and (iii) is not provisional, probationary, or restricted in any way, except in instances where a Governmental Entity has issued a provisional, probationary or restricted license, permit or certification in the ordinary course pending issuance of a final license, permit or certification.

4.4 Litigation, Etc. Except for the DOJ Proceeding, the DOL Proceeding (as defined below) or as otherwise disclosed on Schedule 4.4 attached hereto, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) by or before any Governmental Entity pending against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation pending with respect to the Existing Operator, the Facility or the business of the Facility. Except as disclosed on Schedule 4.4 attached hereto and resident claims that are covered under Existing Operator's liability insurance, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) threatened against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation, threatened with respect to the Existing Operator, the Facility or the business of the Facility. Existing Operator is not a party to or subject to or in material default under any contract, lease or other agreement, judgment, order or decree of any Governmental Entity, or any settlement agreement that pertains to the Facility or suffered any damage, destruction or loss which, in any case or in the aggregate, has had or likely will have a materially adverse effect on the assets of Existing Operator or the Facility. Notwithstanding anything to the contrary contained herein, Existing Operator has informed New Operator of the pending litigation by the United States Department of Labor against the Existing Operator and certain Affiliates of Existing Operator filed in the U.S. District Court for the Western District of Pennsylvania, Civil Action No. 2:18-cv-01608-WSS (the "DOL Proceeding").

4.5 Occupancy. No persons (other than Existing Operator and the residents of the Facility) have a right to use or occupy any portion of the Facility.

4.6 Title.

(a) Existing Operator has good and marketable title to the Assets and Existing Operator is the true and lawful owner of, and owns all right, title and interest in and to, all of the Assets, free and clear of all pledges, mortgages, liens, charges, security interests, encumbrances, restrictions, lease, license, easement, liability or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, except those imperfections of title and encumbrances, if any, which, individually or in the aggregate, do not interfere with the continued or efficient use of the Assets in the conduct of the operations of the Facility as a skilled nursing facility with 120 beds. Upon the sale of the Assets to New Operator pursuant to this Agreement, (a) all right, title and interest in and to all of such Assets, free and clear of all Liens, will pass to New Operator on the Closing Date and (b) all of the Assumed Contracts and assignable Permits included in the Assets shall be validly assigned to New Operator and, except to the extent thereafter amended by New Operator, New Operator shall have all of the rights and privileges thereunder after the Closing Date to the same extent as though New Operator were the original party thereto. No person or entity has any right to assert any Lien in any amount against any of the Assets.

(b) Existing Operator has not received any notice or has actual knowledge that the Facility is unsuitable for its intended purpose.

4.7 Condition of Assets. Except in the ordinary course of business and consistent with past practices, and then only in the event the same is replaced, nothing individually or in the aggregate comprising a material portion of the assets shall be sold, transferred, leased to others or wasted and Existing Operator shall not otherwise dispose of any assets or anything constituting a portion of the assets, or cancel or compromise any debt or claim, or waive or release any right of substantial value constituting a part of or relating to all or any material part of the Assets. There are at the Facility a number of beds equal to the maximum bed capacity as permitted under the Facility license. To Existing Operator's knowledge, for each such bed, there also exist the minimum furnishings, fixtures and other accessories required by PADOH and all state, local or federal laws or regulations applicable to the Facility. There is a sprinkler system at the Facility and, except as disclosed on Schedule 4.7 hereto, to Existing Operator's knowledge, the sprinkler system is in full operational compliance with all applicable requirements.

4.8 Taxes. Except as disclosed on Exhibit 4.9, there are no unpaid taxes or assessments that are or could become a Lien on any of the Assets. Existing Operator has withheld all federal, state, and local taxes that are required to have been withheld from wages of employees of Existing Operator and has paid over all such taxes in accordance with applicable statutory provisions. Existing Operator has paid when due all sales, excise, property, unemployment, or other taxes required to be paid and timely filed all returns required to be filed with respect thereto. Such returns are true, correct, and complete. Existing Operator shall timely file all tax returns relating to the Facility prior to the Closing Date and timely pay all such taxes when and as due, to the extent payment is not required sooner hereunder.

4.9 Benefit Plans. Except as otherwise set forth in Exhibit 4.10:

(a) Existing Operator does not currently sponsor, maintain or participate in or is required to contribute to or accrue a benefit for any employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), any multiemployer plan ("Multiemployer Plans") as defined in Section 3(37)(A) or (D) of ERISA, any incentive compensation plan, bonus plan, deferred compensation agreement or arrangement, stock option, stock bonus, stock purchase plan, post-retirement medical benefits, post-retirement life insurance benefits or severance benefits or to any other employee benefit plan (whether or not subject to ERISA), program or arrangement of any kind whatsoever which provides or is obligated to provide any kind of benefit (such plans, benefit programs and agreements (excluding Multiemployer Plans) are collectively referred to herein as the "Benefit Plans").

(b) Each Benefit Plan is a welfare benefit plan (as defined in Section (3)(1) of ERISA) is either (i) unfunded or (ii) funded through insurance contracts.

(c) Existing Operator has not committed any act or acts prior to or as a result of Closing which has effected, or could be reasonably expected to effect, a partial or complete withdrawal as such terms are defined under ERISA from any Multiemployer Plan.

(d) Existing Operator has listed in Exhibit 4.10 and made available to New Operator, or will make available to New Operator prior to the Closing, true, complete and correct copies of (i) all Benefit Plans (including amendments); (ii) all summary plan descriptions (whether or not required to be furnished under ERISA); (iii) all latest Annual Report forms filed with respect to any such Benefit Plan; (iv) the most recent actuarial valuation; and (v) determination letters received from the Internal Revenue Service with respect to any such Benefit Plan, except with respect to the Multiemployer Plans.

(e) All obligations of Existing Operator, whether arising by operation of law, by contract or by past custom, for payments to trusts or other funds or to any Governmental Entity or to any Benefit Plan or Multiemployer Plan have been paid, or adequate accruals for such payments have been made by Existing Operator on its books of account as of December 31, 2022, except accruals for such payments attributable solely to events occurring subsequent to December 31, 2022, all of which accruals will have been made by Existing Operator on its books of account as of the Closing Date.

(f) The Benefit Plans and related trust agreements, if any, listed in Schedule 4.9, are valid and in full force and effect and comply with the provisions of ERISA, the Internal Revenue Code of 1986 (the "Code") and all other applicable laws and regulations.

(g) As to each Benefit Plan for which an Annual Report (IRS Form 5500), including schedules, was filed by Existing Operator under ERISA or the Code, no liabilities with respect to any such Benefit Plan existed on the date of the financial statements contained in the most recent Annual Report except as disclosed therein, and no adverse change has occurred with respect to the financial statements covered by such Annual Report since the date thereof. Existing Operator has made or will accrue on its final balance sheet all required contributions and other payments due to its employees or pursuant to each and every Benefit Plan prior to Closing. New Operator shall not assume any Benefit Plan of Existing Operator.

4.10 Labor Matters. Except as and to the extent set forth in Exhibit 4.10:

(a) no collective bargaining agreement presently covers (nor has any, in the past three years covered) any employees of Existing Operator, nor are any currently being negotiated by Existing Operator and, no attempt to organize any group or all of the employees of Existing Operator have been made or proposed and is currently outstanding;

(b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the knowledge of Existing Operator, threatened, between Existing Operator and any of its employees, and Existing Operator has not experienced any such controversy, strike, slowdown or work stoppage within the past three years;

(c) Existing Operator is currently in material compliance with all applicable laws relating to the employment of labor, including those related to wages, hours, collective bargaining, and the payment and withholding of taxes and other sums as required by the appropriate Governmental Entity, and has withheld and paid to the appropriate Governmental Entity or is holding for payment not yet due to such Governmental Entity all amounts required to be withheld from employees of Existing Operator and Existing Operator is not liable for any arrears of wages,

taxes, penalties or other sums for failure to comply with any of the foregoing, and Existing Operator has paid in full to all its employees or adequately accrued for in accordance with GAAP all wages, salaries, commissions, bonuses, vacation, benefits and other compensation due to or on behalf of such employees;

(d) There is no claim with respect to payment of wages, salary or overtime pay that has been asserted and is now pending or, to the knowledge of Existing Operator, threatened with respect to any persons currently or formerly employed by Existing Operator;

(e) Existing Operator is not a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices;

(f) There is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted and is now pending or, threatened, with respect to Existing Operator;

(g) There is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted and is now pending or, threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Entity in any jurisdiction in which Existing Operator has employed or currently employs any person; and

(h) Upon request, Existing Operator shall provide a true and accurate list to New Operator or its designee setting forth the names, positions, and annual salaries or wage rates and bonus and other compensation arrangements as of the end of the last pay period prior to the request for all full and part-time employees of the Existing Operator and indicating whether each employee is part or full time.

4.11 Liens. All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the development and construction of the Facility and/or Assets have been paid, or prior to Closing shall be paid, whether the work is in progress or completed, for all work performed, material, supplies and the like up to and including the Closing Date, and there are no claims against the Existing Operator, the Facility, or any of the Assets in connection therewith which may give rise to a mechanic's lien against the Facility, the Assets or any portion thereto.

4.12 Improvements. No assessments for public improvements have been made against the Facility which remain unpaid, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets, roads, sidewalks and curbs and, none have been proposed or are pending.

4.13 Insurance. Exhibit 4.13 sets forth a true, correct and complete list of all general liability, professional liability, fire, casualty, fidelity, workers' compensation and other insurance policies currently held by or on behalf of Existing Operator relating to the Facility, and a description of any self-insurance arrangements by or affecting the Facility, including any reserves established thereunder. Exhibit 4.13 sets forth with specificity (A) the nature and extent of the coverage provided hereunder, (B) the name of the insurance company which issued the

same, (C) the expiration date thereof, and (D) the total premiums payable and paid thereunder. Each of said policies is in full force and effect and shall be maintained by Existing Operator in full force and effect until the Closing, and all premiums due thereunder have been paid and shall be paid by Existing Operator until the Closing. No written notice has been received from the insurance company which issued any of said policies stating in effect that such policy will not be renewed or will be renewed at a higher premium than is presently payable thereof or requesting the performance of any structural or other material repairs or alterations to the Facility.

4.14 Environmental Laws.

(a) Existing Operator does not have knowledge of and has not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or Release of any Hazardous Substance at the Facility, which Hazardous Substances were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise handled at, or transported or released from the Facility, or regarding compliance with Environmental Laws. Existing Operator has not received any written notice of any other claim, demand or action by any individual or entity alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or Release of any Hazardous Substances at, on, under, in, to or from the Facility or real property or in connection with any operations or activities of Existing Operator thereat.

(b) For purposes of this Agreement, the term “Environmental Laws” shall mean any applicable statutes, ordinances, directives or other written, published laws, any written, published rules or regulations, orders, guidelines or policies, and any licenses, permits, orders, judgments, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any Governmental Entity, relating to pollution or protection of public health or the environment, or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, or Release of any Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws enacted, promulgated or lawfully issued by any Governmental Entity.

(c) For purposes of this Agreement, the term “Hazardous Substances” shall mean any pollutants, contaminants, substances, chemicals, carcinogens, wastes, dangerous wastes, or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including, but not limited to, petroleum and its derivatives, PCBs, asbestos, radioactive materials, waste waters, sludge, slag and any other substance, material or waste), as defined in or regulated by any Environmental Laws or as determined by any Governmental Entity.

(d) For purposes of this Agreement, the term “Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migration, dumping or disposing into the environment.

(e) Existing Operator has not installed any underground storage tanks on or adjacent to the Facility, and there are no underground storage tanks on the real estate portion of the Existing Operator's assets.

(f) All sewage from the Existing Operator's Assets is being lawfully discharged into the municipal system.

4.15 Compliance with Laws. Except with respect to the DOJ Proceeding or as disclosed in Schedule 4.4: There is not pending or threatened any audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement. Existing Operator further represents that there have been no adjudications or notices of Medicare or Medicaid fraud or abuse relating to the operation of the Facility, nor to Existing Operator's knowledge are there any conditions at the Facility which reach the level of fraud or abuse within the regulations governing either the Medicare or Medicaid program or under relevant State or Federal Laws.

Existing Operator is not a target of, participant in, or subject to any action, proceeding, suit, audit, investigation or sanction by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any patient or resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medicaid/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could reasonably be expected to have a Material Adverse Effect on Existing Operator, or the operation of the Facility, including the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Permit, or affect Existing Operator's participation in the Medicare, Medicaid, or other third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor has any such action, proceeding, suit, investigation or audit been threatened.

Existing Operator, the Facility and the operation thereof is in compliance (without waivers) and as of the Closing Date will be in compliance (without waivers) with (i) all applicable municipal, county, state and federal laws, regulations, ordinances, standards, policies, rules, restrictions and orders, including without limitation, all health, building, fire and zoning ordinances and life safety codes and the Americans with Disabilities Act, as the same may be amended, including quality and safety standards; (ii) accepted professional standards and principles that apply to the provision of services at the Facility; (iii) federal, state or local laws, rules, regulations or published interpretations or policies relating to the prevention of fraud and abuse; (iv) insurance, reimbursement and cost reporting requirements, government payment

program requirements; and (v) requirements relating to the Facility's physical structure and environment, licensing, quality and adequacy of nursing facility care, distributions of pharmaceuticals, rate setting, equipment, personnel and operating policies. The Property has been and is presently used and operated in compliance in all material respects with, and in no material way violates any applicable statute, law, regulation, rule, licensing requirement, ordinance, order or permit of any kind whatsoever affecting the Property or any part thereof, including without limitation, any PADOH laws, Environmental Laws, and any rules or regulations promulgated thereunder, as well as any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, nondiscrimination, health, safety, pensions and employee benefits.

Existing Operator has not received written notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over New Operator or otherwise to rework or redesign the Facility so as to conform to or comply with any existing law, code or standard which has not been fully satisfied prior to the Effective Date or which will not be satisfied prior to the Closing Date.

All billing practices of Existing Operator to all third party payors, including the Medicare and Medicaid programs and private insurance companies, have been in compliance with all applicable laws, regulations and policies of such third party payors and the Medicaid and Medicare programs.

Existing Operator has instituted, and the Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable guidelines established by the Health Care Authorities.

Existing Operator is in compliance in all material respects with the Health Care Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder.

Neither Existing Operator nor any of its affiliates have provided any incentives to contracted provider networks or providers that have violated any Applicable Law with respect to inducing, directly or indirectly, such contracted provider networks or providers to refer patients to the Facility. Existing Operator and the Facility are, and at all relevant times have been, in compliance with all applicable state and federal anti-kickback, self-referral and/or patient brokering statutes, the Stark law, the federal False Claims Act and any state law prohibiting kickbacks or certain referrals relating or applicable to Medicare or any other state or federal health care programs. In addition, Existing Operator, the Business and the Facility are, and at all relevant times have been, in compliance with all Applicable Laws pertaining to (i) billing to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud and (ii) collection agencies and the performance of collection services.

Each employee of Existing Operator who is required by Applicable Law to hold a valid permit or other qualification to deliver health care services to patients (including the performance of diagnostic services such as x-ray or lab services) holds such permit or other qualification and is performing only those services which are permitted by such permit or other qualification.

Existing Operator has paid all quality assurance fees, bed taxes and nursing home provider fees due and owing to the applicable Health Care Authorities.

All repairs, replacements, remodeling, alterations, improvements and construction at, to or on the Facility have been made pursuant to approved permits and approvals required by applicable Health Care Authorities.

There is no corporate integrity agreement or other monitoring or compliance agreement required by the Office of Inspector General ("OIG") or any other Governmental Entity that is currently in place and affecting the Facility or the Existing Operator, and there are no pending or threatened OIG or Department of Justice investigations involving the Facility, the Existing Operator, or their Affiliates.

Existing Operator is in compliance with all federal, state and local laws, rules and regulations relating to the employment authorization of its employees and independent contractors (including the Immigration Reform and Control Act of 1986, as amended and supplemented, and Sections 212(n) and 274A of the Immigration and Nationality Act, as amended and supplemented, and all implementing regulations relating thereto), and Existing Operator is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFR § 274a.1(a)(1994)).

Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or amend or otherwise change the Facility and/or the number of beds approved by PADOH (or any subdivision) or any other applicable state licensing agency, and there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

4.16 Cost Reports. Existing Operator has filed and will prior to Closing file all cost reports required to be filed under Title XVIII or Title XIX and timely complied with all other applicable reporting requirements relating to the period prior to Closing. All cost reports and other reports are, to the extent they currently exist, and otherwise shall be true and accurate in all material ways. Existing Operator shall deliver to New Operator a copy of all cost reports filed between the execution of this Agreement and Closing. There are no current, pending or outstanding Medicare, Medicaid or third party payor program reimbursement audits or appeals. There are no cost report years that are subject to audit, no cost reports remain "open" or unsettled, and there are no current or pending Medicare, Medicaid or other third-party payor program recoupment efforts, in each case with respect to the Facility.

4.17 Resident Agreements. A copy of the current standard form of Admission Agreement used by the Facility has been provided to New Operator. To Existing Operators' knowledge there are no other agreements with residents of the Facility which materially deviate from the standard form.

4.18 Surveys and Reports. Complete copies of Department of Human Services and/or PADOH survey reports, any waivers of deficiencies, plans of correction, and any other governmental investigation report issued with respect to the Assets during the past twenty-four (24) months have been provided to New Operator prior to, or will be provided to New Operator upon their request promptly following execution of this OTA. All deficiencies and violations cited in any existing survey have been corrected or corrective action plans implemented therefore and will be corrected prior to Closing. There are no bans, remedies, sanctions, prohibitions on payment, or limitations in effect with respect to admissions to the Facility, or any licensure curtailments in effect with respect to the Facility. Except as disclosed on Exhibit 4.18, none of the following exists with respect to any Facility:

- (a) immediate jeopardy violations or any deficiencies which scope and severity levels constitute “substandard quality of care” in effect with respect to the Facility;
- (b) the Facility has not received notice of inclusion or intended inclusion as a Federal Special Focus Facility or any State equivalent;
- (c) notice of violations with scope and severity level of “F” (or the equivalent) or higher;
- (d) notice of termination of the license issued by PADOH to operate the Facility as a skilled nursing facility;
- (e) notice of termination of the certification issued by PADOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
- (f) notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
- (g) notice of a material Life Safety Code deficiency cited by CMS, HFS, PADOH, or state or local building, fire safety or health authorities that have not been corrected as of the date hereof;
- (h) notice of imposition of civil monetary penalties or other immediate sanctions in accordance with 42 CFR §488.30 et seq.; and
- (i) notice that the Facility will be prohibited from admitting, or will not be reimbursed for new residents.

4.19 Broker. No person or entity is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Existing Operator or any of its affiliates. If any fees or commissions are claimed or payable as a result of any person’s claimed representation of Existing Operator, the same shall be the Existing Operator’s sole responsibility.

4.20 Absence of Certain Changes or Events. Except as set forth in Exhibit 4.20, since the date of the most recent Financial Records, (a) Existing Operator has operated the Assets and the Facility only in the ordinary and usual course of business consistent with past practice; (b) there has not occurred any event or circumstance that would have required the consent of, or notice to, or consultation with New Operator if this Agreement had been in effect on such date; and (c) there has not occurred any other event, circumstance or other change in the Assets or the Facility (financial or otherwise) that, alone or in the aggregate, has had or reasonably could be expected to have a Material Adverse Change.

4.21 Conduct of Business Pending the Closing Date. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to by New Operator in writing:

(a) Existing Operator will lawfully operate the business of the Facility in the ordinary course and in substantially the same manner as it has heretofore and in a manner which is consistent with this OTA.

(b) Existing Operator shall not dispose of any fixed assets except in the ordinary course of business consistent with past practice, change employment terms for any executive or group of employees or institute, amend, or terminate any employee benefit plan. Existing Operator agrees that it shall consult with New Operator prior to entering into or amending any contract, lease or other agreement which will be in effect and bind the Facility after the Closing Date, unless such contract lease or other agreement or amendment thereto can be terminated by Existing Operator without cause on thirty (30) day's notice.

(c) Upon reasonable prior notice, Existing Operator shall give New Operator and its representatives full access during normal business hours to all of the properties, books, contracts, commitments and other records of the Existing Operator pertaining to the Facility and the business of the Facility and will furnish New Operator and its representatives during such periods with all such information and data concerning the affairs of the Facility as New Operator or such representatives reasonably may request.

4.22 Cooperation with New Operator. Existing Operator will assist and cooperate with New Operator in any reasonable request with regard to submission for approval of transfer to PADOH or any other governmental or non-governmental entity from whom New Operator seeks to obtain permission.

4.23 Inventory. On the Closing Date, the Existing Operator shall maintain its normal inventory of supplies, which in no event shall be less than sufficient quantities of supplies required by law and in all cases consistent with past practices and prudent operation of the Facility.

4.24 Patient Trust Funds. The patient trust funds transferred hereunder are all such funds required to be held by law.

4.25 Intentionally Omitted.

4.26 Aliases. Existing Operator has not used any names other than those set forth on Exhibit 4.26.

4.27 Patriot Act Representations. Existing Operator is not, and is not acting, directly or indirectly, for or on behalf of any Person named as a “specially designated national and blocked person” (as defined in Presidential Executive Order 13224) on the most current list published by the U.S. Treasury Department of Foreign Assets Control, and Existing Operator is not engaged in this transaction, directly or indirectly, on behalf of, and are not facilitating this transaction, directly or indirectly, on behalf of, any such Person. Neither Existing Operator nor their constituents or affiliates are in violation of any laws relating to terrorism or money laundering, including the aforesaid Executive Order and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), as amended.

4.28 Financial Records. Existing Operator has furnished to New Operator, true, complete and correct copies of the unaudited financial statements of the Facility for the three full calendar years ending prior to the Effective Date and year-to-date financial statements for the calendar year in which the Effective Date and/or the Closing Date occurs (collectively, the “Financial Records”). The Financial Records (i) have been prepared from the books and records of Existing Operator in conformity with Generally Accepted Accounting Principles, applied on a consistent basis, except that the unaudited statements are without footnotes and are subject to normal yearend adjustments, (ii) present fairly the financial position of the Facility as of the date of the balance sheet included in the Financial Records and the results of operations and the cash flows of the Facility for the periods ending on the date of the Financial Records, and (iii) are true, complete and correct, in all material respects. Since the date of the most recent Financial Record, there has not been any Material Adverse Change.

4.29 Audits. Except as set forth on Schedule 4.29, Existing Operator has not received any notice of any desk audits or full audits by any Healthcare Authority in connection with any Medicaid or Medicare cost reports filed by Existing Operator.

4.30 COVID-19. Schedule 4.30 attached hereto sets forth a list of all payments received and applications pending for monies received by Transferor relating to COVID-19, including all CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds (as the foregoing are hereinafter defined). Transferor has complied in all material respects with respect to Legal Requirements pertaining to the handling of such CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds, including, without limitation, all material reporting requirements

4.31 Accuracy of Representations and Warranties. Each representation and warranty of Existing Operator hereunder is true, complete and correct in all respects as of the Effective Date and shall be deemed remade as of the Closing Date with the same force and effect as if made on the Closing Date. All references in this Agreement to “Existing Operator’s knowledge”, “the knowledge of Existing Operator” or words of similar import shall refer only to the actual knowledge of Ephram Lahasky (“Designated Representative”), without independent investigation or inquiry. There shall be no personal

liability on the part of the Designated Representative arising out of any representations or warranties made herein.

**SECTION 5
RESERVED**

**SECTION 6
MISCELLANEOUS**

6.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Agreement and the transactions referred to herein, contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.2 Notices. All notices, requests, consents, approvals, waivers, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered to the Parties (a) on the date of transmission by electronic mail, with confirmation from the recipient of the successful delivery of such transmission, (b) on the first business day following the date of delivery to a nationally recognized overnight courier service, or (c) on the third business day following the date of deposit in the United States Mail, postage prepaid, by certified mail, return receipt requested, in each case, addressed as follows, or to such other address, Person as any Party may designate by notice to the others in accordance herewith:

If to Existing Operator, to:

c/o Comprehensive Healthcare Management Services
600 Broadway, Suite E
Lynbrook, New York 11563
Attn: Mordy Lahasky
Email: mordyeph@gmail.com

If to New Operator:

Monroeville Opco LLC
395 Pearsall Avenue, Suite K,
Cedarhurst NY 11516
Attention: Gedaliah Wielgus

6.3 Entire Agreement; Amendment; Waiver. This Agreement, including all schedules, exhibits and all other documents executed in connection with and pursuant to the terms and conditions of this Agreement, constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be modified or amended except in writing signed by the Parties hereto. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be effective unless in writing and signed by the party granting the waiver. Further, no such waiver shall be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

6.4 Assignment. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by any Party hereto without the express prior written consent of the other Parties hereto.

6.5 Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the Parties hereto with respect to the subject matter hereof. The Parties hereto do not intend that any third party shall have any rights under this Agreement.

6.6 Representation by Counsel. The Parties hereto acknowledge that they have been represented by independent legal counsel of their choosing throughout all of the negotiations which preceded the execution of this Agreement, and that each party has executed this Agreement with the consent and on the advice of such independent legal counsel. This Agreement is a negotiated document. As a result, any rule of construction providing for any ambiguity in the terms of this Agreement to be construed against the draftsman of this Agreement shall be inapplicable to the interpretation of this Agreement.

6.7 Captions. The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

6.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or email transmission of any signed, original counterpart transmission shall be deemed the same as the delivery of an original. The parties agree and acknowledge that this Agreement may be kept in electronic form and that an electronic version of this Agreement will be just as valid and enforceable as the original.

6.9 Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

6.10 Jurisdiction. Each Party hereto consents to the jurisdiction of the courts of the Commonwealth of Pennsylvania, or if it can acquire jurisdiction, in the Federal District Courts located in the Commonwealth of Pennsylvania as to claims arising under or brought in connection with this Agreement and the transactions contemplated herein.

6.11 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

6.12 Confidentiality.

(a) Existing Operator acknowledges that certain of the information that has been and will be made available pursuant to this Agreement may be proprietary and include confidential information. Existing Operator shall hold all such information about New Operator in confidence and shall not disclose it to any Person (other than to their respective representatives, so long as those representatives agree to keep any such information in confidence) without the approval of New Operator supplying such information; provided, however, that the foregoing restriction shall not apply to any information that is, through no fault of Existing Operator, publicly known or which is lawfully obtained from a third party, or to any disclosure required by any Legal Requirements or in connection with the enforcement of Existing Operator's or New Operator's rights under this Agreement.

6.13 Calculation of Time Periods. Any reference in this Agreement to a “business day” shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays, all days on which commercial banks in New York State are required by law to be closed. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included. Any reference in this Agreement to a “day” or a number of “days” (other than references to a “business day” or “business days”) shall mean a calendar day or calendar days, provided that if the calendar day or last calendar day to perform any act or give any notice or approval shall fall on a calendar day that is not a business day, such act or notice may be timely performed or given on the next succeeding business day.

6.14 Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend and/or supplement all exhibits and schedules in order for the same to be complete, current, true and correct as of the Closing Date.

6.15 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to the Parties or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability of such provision, or the application thereof, in any other jurisdiction.

6.16 Publicity. Prior to Closing, the Parties hereto shall consult with each other as to the form and substance of any press release or other public disclosure regarding the transactions provided for herein or contemplated hereby, and no Party hereto shall make any public disclosure thereof prior to the Closing without the consent of the other Parties hereto provided that nothing herein shall prohibit any Party from making any public disclosure which it, with advice of counsel, deems reasonably necessary to comply with laws applicable to it.

6.17 Non Solicitation/Non Compete. Neither Existing Operator nor any of its or their affiliates or principals shall knowingly and intentionally (i) solicit management level Employees for a period of twelve (12) months following the Closing Date or (i) hire any Employees for employment at any long-term care facilities owned or operated by any affiliates of Existing Operator located within a twenty (20) mile radius of the Facility for a period of twelve (12) months following the Closing Date. In the event that during the period beginning on the Closing Date and ending upon the date that is twelve (12) months following the Closing, any Employee is solicited (for this purpose, solicit shall not include a Facility employee who responds to employment opportunities which are posted or advertise by affiliates of Existing Operator in the ordinary course of such affiliate’s hiring practices) or hired for employment by any person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Existing Operator in violation of the preceding sentence, then Existing Operator shall pay to New Operator an amount equal to Twenty-Five Thousand Dollars (\$25,000.00) as liquidated damages, for each such

Employee that is solicited or hired in violation of this section. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Twenty-Five Thousand Dollars (\$25,000.00) is a fair and reasonable approximation of such actual damages.

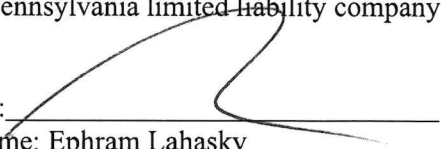
[SIGNATURES BEGIN ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

EXISTING OPERATOR:

Monroeville Operations LLC,
a Pennsylvania limited liability company

By: 
Name: Ephram Lahasky
Its: Authorized Signatory

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

NEW OPERATOR:

Monroeville Opco LLC,
a Nevada limited liability company

By: 
Name: Geraldine Widger
Title: Authorized Signatory

EXHIBIT A

Other Facilities

<u>Other Facility Name and Address</u>	<u>Other Existing Operator</u>	<u>Other New Operators</u>
Mt Lebanon Rehabilitation and Wellness Center 350 Old Gilkeson Rd Mt Lebanon, PA 15228	Mt Lebanon Operations LLC	Murrysville Opco LLC
Murrysville Rehabilitation and Wellness Center 3300 Logans Ferry Road, Murrysville, PA 15668-1205	Murrysville Operations LLC	MTL Opco LLC
South Hills Rehabilitation and Wellness Center 201 Village Drive, Canonsburg, PA 15317-2368	South Hills Operations LLC	South Hills Opco LLC

EXHIBIT B

DEFINITIONS

“Environmental Law” means, collectively, any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered including, but not limited to, those materials or substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “pollutants” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State of New Jersey, and any rules and regulations promulgated thereunder, all as presently or hereafter amended.

“Facility Records” shall mean all of the books, records (including all current resident and employee records in the form located at the Facility on the Closing Date), accounts, files, logs, ledgers and journals pertaining to or used in the operations of the Facility, including, but not limited to, any electronic data stored on computer disks or tapes, and originals of any of the foregoing that relate to the operations of the Facility but excluding any Excluded Assets, including, without limitation, books, records, accounts and files pertaining to former employees and former residents of the Facility and any background checks, drug test results or other employee records that are produced and maintained by third party vendors.

“Governmental Entity” shall mean any (a) federal, state, county or municipal government, or city, town, borough, village, district or other jurisdiction; (b) governmental or quasi-Governmental Entity of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); and (c) any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power.

“Hazardous Substances” means all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, toxic mold, petroleum, asbestos containing materials, asbestos insulation and/or urea formaldehyde insulation, polychlorinated biphenyls, lead and lead-based paint, which are regulated, governed, restricted or prohibited by the Environmental Laws.

“Health Care Authorities” shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of the Facility as a skilled nursing facilities.

“Health Care Requirements” shall mean, with respect to the Facility, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of such Facility or any part thereof as a nursing facility and all regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with Health Care Authorities as pertaining to such Facility and the payment and/or reimbursement for services rendered or goods or materials supplied at such Facility.

“Legal Requirement” shall mean any federal, state, local, municipal or other order, constitution, law, ordinance, principle of common law, code, regulation, or statute.

“Material Adverse Change” means any circumstance, event, effect or change that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to (1) the Business, or the results of operations or condition (financial or otherwise) of the Facility taken as a whole, (2) the Property or the Assets; or (3) the ability of Existing Operator to perform their respective obligations under this Agreement; provided, that no circumstance, event, effect or change arising out of any of the following shall be deemed to constitute a Material Adverse Change: (i) the economy in general, (ii) the economic, business, financial or regulatory environment generally affecting the industries in which Existing Operator operates, or (iii) an act of terrorism or an outbreak or escalation of hostilities or war (whether declared or not declared) or any natural disasters or any national or international calamity or crisis, except to the extent involving the Facility; in each case other than any circumstance, event, effect or change to the extent that such any circumstance, event, effect or change, individually or in the aggregate, has or would reasonably be expected to have a disproportionately adverse effect on Existing Operator as compared to other participants in the industry in which Existing Operator operates.

“Material Adverse Change” also means with respect to any individual Facility (A) the loss of operating licensure; or (B) the loss of any existing Medicare or Medicaid participation; or (C) the designation of the Facility by Centers for Medicare and Medicaid Services as a “Special Focus Facility” under its Special Focus Facility Program.

“Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Entity.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Resident Census Report” shall mean a true, correct and complete schedule (provided in accordance with all applicable Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of the Facility, the average daily rate and other charges payable with respect thereto, the class of payment or reimbursement (i.e., private, third-party payor, Medicare, and Veterans Administration), the average monthly census of the Facility and its occupancy rate.

“Resident Trust Funds” shall mean the funds held in trust by Existing Operator for residents at the Facility.

EXHIBIT C

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of the [•] day of [•], 20__, by _____, a
_____ limited liability company (“**Grantor**”), to [•] (“**Grantee**”).

KNOW ALL PERSONS BY THESE PRESENTS, that for and in consideration of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt whereof is hereby acknowledged and intending to be legally bound hereby, Grantor does grant, sell, convey, transfer, assign, deliver and set over unto Grantee, its heirs, executors, administrators, successors and assigns, forever, all of Grantor’s right, title and interest in the assets listed on Exhibit A attached hereto (the “**Purchased Assets**”) located in or upon, and used solely in connection with the operation of that certain skilled nursing facility known as [•] located at [•] (the “**Facility**”), or any portion thereof, WITHOUT RECOURSE OR WARRANTY, except for the representations and warranties, if any, concerning the Purchased Assets as set forth in that certain Operations Transfer Agreement dated as of [•], 20__ by and among Grantor and certain of its affiliates and Grantee and certain of its affiliates (the “**OTA**”) to have and to hold the same unto Grantee, its heirs, successors, administrators and assigns, forever. Specifically excluded from this Bill of Sale shall be those items described and defined as “Excluded Assets” in the OTA. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the OTA.

(Signatures on following page)

IN WITNESS WHEREOF, Grantor and Grantee have caused this Bill of Sale to be executed and delivered as of the day and year first above written.

GRANTOR:

By: _____
Name:
Its:

GRANTEE:

By: _____
Name:
Its:

(Signature page - Bill of Sale and Assignment)

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assignment”) is made as of the [•] day of [•], 20__, _____, a _____ limited liability company (“Assignor”), and _____ (“Assignee”).

RECITALS:

A. This Assignment is made in connection with that certain Operations Transfer Agreement, dated [•], 20__, by and among Assignor and certain affiliates, on the one hand, and Assignee and certain affiliates, on the other hand (the “Operations Transfer Agreement”), pursuant to which Assignor is transferring to Assignee the operations of that certain facility known as [•] and located at [•] (the “Facility”). Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Operations Transfer Agreement.

B. Pursuant to the terms of the Operations Transfer Agreement, Assignor is to assign to Assignee, all of its right, title and interest in the Resident Agreements and the Assumed Facility Agreements entered into by Assignor or in possession of Assignor with respect to the operation of the Facility.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties hereto, intending to be legally bound, agree as follows:

1. Assignor hereby assigns, conveys and transfers to Assignee all of Assignor’s right, title and interest, if any, in and to Assumed Facility Agreements as set forth on Schedule 1 attached hereto and made a part hereof, to the extent assignable.

2. Assignor hereby assigns, conveys and transfers to Assignee, all of Assignor’s right, title and interest of Assignor under the Resident Agreements in effect as of the date hereof and made a part hereof.

3. Assignee hereby assumes the duties and obligations of Assignor under [the Assumed Facility Agreements and the Resident Agreements, which duties and obligations arise and accrue from and after the date hereof. For the avoidance of doubt, Assignee assumes no duties or obligations of Assignor under any Assumed Facility Agreement or Resident Agreement that arose or accrued prior to the date hereof, and such duties and obligations remain the sole and exclusive responsibility of Assignor.

4. Except as may be expressly set forth in the Operations Transfer Agreement (and as limited thereby), Assignor makes no representations or warranties of any kind with respect to the Assumed Facility Agreements or Resident Agreements assigned herein.

5. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

6. This Assignment shall be governed by the laws of the _____ as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

7. This Assignment may be executed in one or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterpart. This Assignment may be executed by any party by the delivery of such party by facsimile, by portable document via electronic mail, or by other electronic means, a copy of the signature page of this Assignment duly executed by such party. Any copy of this Assignment so delivered by facsimile, by portable document format, or by other electronic means, shall be deemed to be an originally executed copy of this Assignment.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

By: _____
Name:
Its:

ASSIGNEE:

By: _____
Name:
Its:

(Signature Page – Assignment and Assumption Agreement)

OPERATIONS TRANSFER AGREEMENT

This OPERATIONS TRANSFER AGREEMENT (“Agreement”) is entered into as of October 30, 2023 (“Effective Date”), by and among Mt Lebanon Operations LLC, a Pennsylvania limited liability company (the “Existing Operator”), and MTL Opco LLC, a Nevada limited liability company (the “New Operator”). Existing Operator and New Operator are sometimes each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. GPH Mt. Lebanon LP, a Delaware limited partnership (“Owner”), is the fee owner of that certain 121-bed licensed skilled nursing facility known as “Mt. Lebanon Rehabilitation and Wellness Center” and located at 350 Old Gilkeson Road, Pittsburgh, PA 15228-1063 (the “Facility”)

B. Existing Operator is the licensed operator of the Facility, and leases the Facility from Owner pursuant to a Master Lease agreement by and between Owner and Existing Operator, and others (the “Existing Lease”).

C. Concurrently with the execution of this Agreement, (i) Owner and PA 3 SIX MASTER LLC, a Delaware limited liability company (“Master Tenant”) have entered into that certain Lease Agreement dated as of the date hereof (the “Master Lease”) pursuant to which Master Tenant has agreed to lease the Facility and (ii) Master Tenant and New Operator have entered into that certain Sublease, pursuant to which New Operator shall sublet the Facility from Master Tenant.

D. Existing Operator owns certain Assets (as defined herein) used in connection with the operation of the Facility.

E. Existing Operator desires to divest itself of the operations of the Facility and all of its interest in the tangible and intangible property and other interests relating to the operation and/or management of the Facility, all upon the terms and conditions contained in this Agreement.

F. The Parties hereto desire for Existing Operator, subject to the satisfaction of the conditions contained herein, to cease operating the Facility and surrender all rights in and to the Facility, except as provided in this Agreement, and for New Operator to commence operation of the Facility.

G. The Parties wish to provide for an orderly and lawful transition of the operations of the Facility from Existing Operator to New Operator.

H. Concurrently herewith, certain affiliates of Existing Operator identified as “Other Existing Operators” on Exhibit A hereto (the “Other Existing Operators”) and certain affiliates of New Operator identified as “Other New Operators” on Exhibit A hereto (the “Other New Operators”) have entered into those certain Operations Transfer Agreements (the “Other OTAs”) with respect to the skilled nursing facilities identified on Exhibit A hereto (the “Other Facilities”).

I. Certain capitalized terms used herein have the meanings given to them on Exhibit B attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that:

SECTION 1
TRANSFERRED ASSETS; CONDITIONS TO CLOSING;
DELIVERIES UPON CLOSING DATE

1.1 Transferred Assets. Effective simultaneously with the Closing Date (collectively, the “Closing”), Existing Operator agrees that Existing Operator’s rights in and to the Facility and all rights of Existing Operator to occupy or otherwise operate the facility shall terminate, except those rights or obligations which survive or are retained by Existing Operator pursuant to this Agreement, and Existing Operator hereby assigns, transfers, conveys and delivers to the applicable New Operator, all of Existing Operator’s rights, title and interest in and to the following, hereinafter collectively referred to as the “Assets”:

(a) To the extent permitted under the applicable agreements, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all rights of Existing Operator in, to and under the Assumed Facility Agreements;

(b) To the extent permitted under state laws and regulations, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all occupancy, residency, tenancy and similar written agreements entered into in the ordinary course of business with residents, and any amendments or modifications thereof (collectively, the “Resident Agreements” and together with the Assumed Facility Agreements, collectively, the “Operating Agreements”);

(c) All licenses, permits and approvals other than certificates of need (or the equivalent) related to the applicable Facility, to the extent Existing Operator’s interests are assignable and/or transferrable pursuant to Legal Requirements;

(d) All rights, title and interest of Existing Operator in and to any trade names and all variations thereof connected with the applicable Facility;

(e) all inventory and supplies but not less than a quantity of inventory and supplies which is the greater of what is customarily maintained at the Facility or that which a prudent operator would maintain, including, but not limited to, office, foodstuffs, medical, disposables, prescription medications and pharmaceutical inventories and supplies and other inventories, supplies and articles of personal property of every kind and nature attached to or used in connection with the Facility which are owned by Existing Operator;

(f) all furniture, fixtures, furnishings, equipment, appliances, tools, instruments, machinery, computers, computer equipment and hardware, office equipment, trucks, vehicles and other transportation equipment, parts, supplies, time clocks and other tangible personal property owned by Existing Operator as of the date of this OTA or acquired by Existing Operator prior to the Closing Date which are used in connection with the operation of the Facility

(g) All telephone and facsimile numbers relating to the applicable Facility (including all “800” numbers) and all post office box addresses associated with the Facility;

(h) all menus, policies and procedures manuals, operating manuals, training materials, marketing, sales and promotional materials, intellectual property including, but not

limited to, all patents, trademarks, service marks, copyrights (whether or not registered) and registrations and applications therefore, trade names, trade secrets, confidential know-how and similar proprietary information, and/or computer software owned by Existing Operator or used by the Facility to the extent the license for same is transferable and accepted by New Operator; and

(i) Any and all other items of tangible and intangible personal property owned by Existing Operator and used solely in connection with the operation, leasing and maintenance of the Facility (collectively, the “Personal Property”), and any goodwill of Existing Operator associated with the business operated at such Facility.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein the Assets shall not include the following items (collectively, the “Excluded Assets”):

(a) Existing Operator’s rights under this Agreement or any other agreement between Existing Operator and New Operator;

(b) all refunds for taxes, fees, assessments and charges for the period prior to the Closing Date;

(c) amounts of any nature which are or might be due to Existing Operator for goods provided, services rendered, or any other transaction of any type prior to the Closing Date;

(d) refunds, rebates and dividends paid in respect of workers compensation or other insurance premiums paid by Existing Operator prior to the Closing, and refunds and additional recoveries by or payments to Existing Operator from any Person for services, provision of goods or supplies, or any other transactions prior to the Closing Date;

(e) all refunds arising out of retrospective premium adjustments under insurance policies covering the Facility or operations thereof relating to the period prior to the Closing Date;

(f) inventory disposed of in the ordinary course of business prior to the Closing Date;

(g) any provider tax payments related to periods prior to Closing Date;

(h) all security deposits and prepayments paid by Existing Operator to third parties for future services, if any;

(i) any and all Medicaid and Medicare audit and case mix appeal rights and payments for periods prior to Closing Date;

(j) any state Medicaid or Medicare reimbursements or adjustments for services rendered prior to Closing Date;

(k) equipment leased pursuant to any lease that is not an Assumed Facility Agreement;

(l) all Rejected Facility Agreements;

(m) Existing Operator’s corporate minute books and seals;

(n) any insurance proceeds paid or payable to Existing Operator for claims to the extent arising prior to Closing Date;

(o) all of Existing Operator's bank accounts, cash, cash equivalents, securities and accounts receivable (including third party settlements and excluding accounts receivable of the Facility relating to services provided on and after the Closing), prepaid accounts, deposit accounts, deposits, real estate and insurance escrows, inter-company accounts and utility deposits; and

(p) all licenses, permits, approvals and certifications that are not assignable or transferable pursuant to Legal Requirements.

1.3 Conditions to Closing. The obligations of the Parties under this Agreement that are to be performed on the day on which the Closing occurs (the "Closing Date") shall be subject to the following conditions precedent on, and as of, the Closing Date, to the reasonable satisfaction of or the waiver thereof by the party benefitting from such condition, in the absence of which the benefitting party may terminate this Agreement (following written notice to the other party and ten (10) business days to cure such failure):

(a) New Operator shall have received from the appropriate governmental authorities all licenses, certificates, permits and approvals required for the operation of the Facility by New Operator (the "Licenses"), or otherwise shall have confirmed the approval from the appropriate governmental authorities for the issuance of such licenses, certificates, permits and approvals to New Operator upon receipt of evidence of the transfer of the Facility to New Operator;

(b) Owner shall have executed and delivered a termination of the Existing Lease in a form reasonably satisfactory to Existing Operator effective as of the Closing Date;

(c) Existing Operator's representations and warranties contained in this Agreement and any document to be executed and delivered at Closing shall be true and correct in all respects on the Effective Date, as applicable, and all material respects as of the Closing Date with the same force and effect as if made on the Closing Date except that those representations and warranties that contain materiality qualifications and other qualifications based on the word "material" shall be required to be true and correct in all respects and not merely material respects; and

(d) No Material Adverse Change shall have occurred between the Effective Date and the Closing Date with respect to the Facility.

(e) Except with respect to the federal indictment against Mt. Lebanon Operations LLC and certain of its affiliates and the pending proceedings related thereto (the "DOJ Proceeding"), there shall not be any pending or threatened audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement.

(f) There shall not have been imposed against Existing Operator, nor shall have Existing Operator received notice of: (a) any civil monetary penalty ("CMP") or other federal, state or local fine and/or penalty ("Penalty") or (b) any survey deficiency of the severity level of "G" or worse. For the avoidance of doubt, this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to Closing.

(g) The Facility shall not be designated by CMS as a “Special Focus Facility” or placed on the SFF watch list or other list for consideration as an SFF program.

(h) Between the date of this Agreement and the Closing, there shall not have been greater than a five percent (5%) change to the Medicare and Medicaid rates of the Facility.

(i) Census. The seven (7) day average aggregate Census of the Facility and Other Facilities ending ten (10) days prior to the Closing Date shall be no more than seven percent (7%) lower than the aggregate Census of the Facility and Other Facilities as of the date hereof.

(j) All conditions to closing under the Other OTAs in favor of the Other Existing Operators or Other New Operators, as applicable, shall have been satisfied or waived by the applicable party, and the closing under the Other OTAs shall be prepared to occur concurrently with the Closing hereunder.

1.4 Existing Operator’s Deliveries Upon the Closing Date. Existing Operator shall deliver the following to New Operator on the Closing Date:

(a) A bill of sale for the Facility executed by the applicable Existing Operator for the benefit of the applicable New Operator, substantially in the form attached as Exhibit C hereto (the “Bill of Sale”);

(b) An assignment and assumption agreement for the Facility executed by the applicable Existing Operator, substantially in the form attached hereto as Exhibit D (each an “Assignment and Assumption Agreement”);

(c) The Employee Schedule for the Facility including a schedule showing the method of calculation of ETO, certified by an officer of Existing Operator as true, complete and correct in all material respects as of the Payroll Date;

(d) The inventory and supplies included within the Assets, which Existing Operator shall deliver to New Operator by leaving the same at the Facility on the Closing Date;

(e) A certificate executed by an authorized officer of Existing Operator that no Material Adverse Change has occurred between the Effective Date and the Closing Date;

(f) A closing statement setting forth in reasonable detail the financial transactions contemplated by this Agreement, including, without limitation, all prorations, as reasonably approved by Existing Operator and New Operator (the “Closing Statement”);

(g) If requested by Owner, a termination of the Existing Lease with respect to the Facility duly executed by Existing Operator; and

(h) Such other documents as are reasonably requested by New Operator to effectuate the transactions contemplated hereby.

1.5 New Operator’s Deliverables on the Closing Date. New Operator shall deliver the following to Existing Operator on the Closing Date:

(a) The Bill of Sale and the Assignment and Assumption Agreement for the Facility executed by the applicable New Operator; and

(b) The Closing Statement.

SECTION 2 TRANSFER OF OPERATIONS

2.1 Cooperation. The Parties hereto agree to cooperate with each other to effect an orderly transfer of the operation of the Facility on the Closing Date. In furtherance and not in limitation of the foregoing, New Operator and their representatives may request, upon prior notice (which may be by email or telephone) to Existing Operator, to enter the Facility for the purpose of performing due diligence inspections. Upon receipt of such request, Existing Operator shall grant New Operator and their representatives access to the Facility to perform such due diligence inspections at times reasonably agreed upon by the parties to avoid disrupting the applicable Facility, its residents and the Employees.

2.2 Licensure. New Operator shall use commercially reasonable efforts to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date. Existing Operator shall fully cooperate with New Operator to take all actions necessary for New Operator to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date, and, in that regard, Existing Operator agrees, promptly upon request by New Operator, to execute any reasonably necessary documents or notifications required in connection with such efforts. Existing Operator agrees to promptly provide or make available to New Operator, upon request, to the extent such documentation is within Existing Operator's possession or control, any and all existing documentation requested by New Operator necessary for the issuance of the new Licenses. Existing Operator agrees to use commercially reasonable efforts to cooperate with New Operator in obtaining any other approval from a Governmental Entity that is required as a result of the transactions contemplated hereby. In connection with the transfer of the Facility pursuant to the terms of this Agreement, Existing Operator shall, in a timely manner, furnish a letter to any necessary Governmental Entity stating that Existing Operator's licenses will be relinquished contingent upon the issuance of the Licensure to the New Operator. Existing Operator shall otherwise cooperate with New Operator, to the extent reasonably necessary, in order to facilitate the issuance of the new Licensure and shall not voluntarily surrender its license or Medicare provider agreement. Without limiting the foregoing, Existing Operator hereby authorizes New Operator to file an advance notice of the change of ownership of the Facility not less than thirty (30) days prior to the Closing Date, as required under 28 Pa. Code 51.4; 55 Pa. Code 20.58 and 55 Pa. Code 1101.43(b).

2.3 Patient Funds; Advance Payments.

(a) Prior to the Closing Date, Existing Operator shall prepare a Resident Census Report. Within thirty (30) days following the Closing Date, Existing Operator shall update the Resident Census Report to reflect the residents at the Facility as of the Closing Date.

(b) Prior to the Closing Date, Existing Operator shall prepare a true, correct and complete accounting, properly reconciled, of any Resident Trust Funds then held by Existing Operator for residents at the Facility. On the Closing Date, Existing Operator shall transfer the Resident Trust Funds to bank accounts designated by New Operator, and New Operator shall, in writing, acknowledge receipt of and expressly assume all of Existing Operator's financial and custodial obligations with respect thereto, it being the intent and purpose of this provision that, upon such transfer, Existing Operator will be relieved of all fiduciary and custodial obligation with respect to such Resident Trust Funds and that New Operator will assume all such obligations and be directly accountable to the residents with respect thereto. Within thirty (30) days following the Closing Date, Existing Operator shall update such accounting, properly reconciled, as of the Closing Date. The provisions of this Section 2.3(b) shall survive the Closing.

2.4 Employees.

(a) At a time mutually agreed to by Existing Operator and New Operator (but in no event earlier than fifteen (15) days prior to the Closing Date), New Operator shall notify the individuals employed by Existing Operator or any of their affiliates at the Facility (collectively, the “Employees”, which shall not include any employee of Existing Operator or their affiliates who is employed both to the Facility and any other facilities or operations not included in the Facility) of the transactions contemplated in this Agreement (the “Employee Notification”). Prior to the Employee Notification, New Operator shall not meet or talk to any Employees except as specifically agreed to by Existing Operator in its sole discretion. Following the Employee Notification, New Operator shall be entitled to meet and talk to the Employees at times reasonably agreed upon by the Parties to avoid disrupting the Facility, the residents and the Employees.

(b) Concurrently with the delivery of the Employee Notification, Existing Operator shall notify the Employees employed by Existing Operator or their affiliates that Existing Operator will terminate their employment as of 11:59 p.m. Eastern Time on the day prior to the Closing Date. In New Operator’s sole discretion, New Operator may offer full-time and part-time Employees at the Facility employment with New Operator with the types of benefits offered in New Operator’s sole discretion. Those individuals who receive and accept an offer of employment are referred to herein as the “Transitioned Employees”. Notwithstanding the foregoing, New Operator shall not be obligated to hire any Employee not approved by New Operator, including, without limitation, any Employee who does not meet New Operator’s current standards for employment. Existing Operator shall take such action as required by law necessary for Existing Operator to maintain all liability for non-Transitioned Employees’ health benefits under the Consolidated Omnibus Budget Reconciliation Act.

(c) Notwithstanding the foregoing, New Operator shall offer employment to such number of the Employees, and upon such terms and conditions of employment, so as not to constitute a mass layoff or a plant closing under the Worker Adjustment and Retraining Notification (“WARN”) Act, 29 U.S.C. § 2101 et seq. The Parties do not anticipate that there will be any major employment losses as a consequence of the transactions contemplated by this Agreement that might trigger obligations under the WARN Act, or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as “WARN Obligations”). To the extent that any WARN Obligations might arise with respect to the Employees at the Facility solely as a consequence of the applicable New Operator’s failure to continue employment of a minimum number of Employees of the applicable Existing Operator that results in an employment loss (as defined in the WARN Act) within the applicable window under the WARN Act, such New Operator shall be responsible for any WARN liabilities, losses, or claims arising from such New Operator’s failure to continue to employ the requisite number of Employees as required under the WARN Act. The terms and provisions of this Section 2.4(c) shall survive the Closing.

(d) As soon as practicable following the most recent payroll date after the date hereof and again as soon as practicable following the most recent payroll date prior to Closing (each, a “Payroll Date”), Existing Operator shall deliver to New Operator a schedule (the “Employee Schedule”) setting forth: (1) the name of each of the Employees, (2) the Facility at which they are employed, (3) their positions and rates of pay and all applicable Existing Operator sponsored health benefits plans that each Employee participates in, and (4) Existing Operator’s liability for the Employees’ awarded and unused vacation time as of the Payroll Date, calculated in accordance with Existing Operator’s policies and as required by law (“ETO”). The Employee Schedule shall be updated as of the Closing Date and then attached hereto as Schedule 2.4(e).

(e) At least ten (10) days prior to the Closing Date, New Operator may elect, in its sole discretion, to assume the liability for the ETO of the Transitioned Employees (such elected amount, the “Assumed ETO”). In the event New Operator elect to assume the liability for the Assumed ETO of Transitioned Employees, (i) upon receipt of the payment from Existing Operator, New Operator shall be

responsible for the Assumed ETO of all Transitioned Employees on and after the Closing Date, and (ii) Existing Operator shall pay to New Operator on the Closing Date seventy percent (70%) of the amount of such Assumed ETO. In the event that New Operator elect not to assume the liability for the Assumed ETO, Existing Operator shall pay to each Employee of the Facility, including the Transitioned Employees, on or prior to the first payroll date following the Closing Date, the ETO payable to such Employees in accordance with Existing Operator's employment policies and applicable law. Existing Operator shall be responsible for paying or providing all applicable Employees with all other benefits to be provided to such Employees for all periods prior to the Closing Date.

(f) Intentionally Omitted.

(g) Existing Operator shall remain liable for all group health plan continuation coverage pursuant to the requirements of Section 601, et seq. of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder, as in effect from time to time, and Section 4980B of the Code ("COBRA"), for all Employees who are not Transitioned Employees as it may be required under applicable law. Existing Operator acknowledges and agrees that New Operator is not assuming any of Existing Operator's obligations to such Employees and/or qualified beneficiaries under COBRA or otherwise, except as specifically provided in this Agreement. New Operator shall be liable for all group health plan continuation coverage pursuant to the requirements of COBRA, for all Transitioned Employees who are subsequently terminated by New Operator after the Closing Date.

(h) Nothing in this Agreement shall create any rights in favor of any person not a party hereto, including the Employees, or constitute an employment agreement or condition of employment for any employee of Existing Operator or the New Operator or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by New Operator of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and the New Operator shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of any Existing Operator or its Affiliates.

(i) Concurrently with the delivery of the Employee Notification, Existing Operator shall deliver notices of the operations transfer contemplated herein (in forms reasonably acceptable to New Operator) to residents and responsible parties, referral sources and vendors.

2.5 Accounts Receivable.

(a) New Operator shall assume responsibility for the billing for and collection of payments on account of services rendered by it at the Facility on and after the Closing Date. Existing Operator shall retain all rights in and title to accounts receivable for services rendered at the Facility prior to the Closing Date (the "Existing Operator's Accounts Receivable") and shall retain full responsibility for the collection thereof. Existing Operator's Accounts Receivable shall include all amounts due to Existing Operator, whether billed or unbilled, prior to the Closing Date, for all services and ancillary services or products provided to any current or former residents at the Facility by Existing Operator prior to the Closing Date and any accounts receivable arising from the rate adjustments which relate to periods prior to the Closing Date even if such adjustments occur after the Closing Date.

(b) All private pay or third party payor payments that designate the dates of service or other identifying data on the remittance received by New Operator from and after the Closing Date shall relate to the period prior to the Closing Date or after the Closing Date, as the case may be, in connection with the account of the resident of the Facility for whom the payment is made in accordance with the dates of service or other identifying data indicated on the remittance, and the applicable New Operator shall remit to the applicable Existing Operator any payment received by such New Operator that applies to Existing

Operator's Accounts Receivable, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by New Operator; provided, however, in the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and within sixty (60) days after the Closing Date, such payment will be first applied to the applicable Existing Operator's Accounts Receivable if properly and fully identified to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' ancillary charges for the month immediately preceding the Closing Date, with any excess to the applicable New Operator. In the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and subsequent to the sixtieth (60th) day following the Closing Date, such payment will be applied to the applicable New Operator's accounts receivable, unless the applicable Existing Operator properly and fully identified such payment to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' and patients' ancillary charges for the month immediately preceding the Closing Date. Notwithstanding anything contained herein to the contrary, advance payments received from private pay residents and patients billed by New Operator shall be retained by New Operator; provided such payments are for services received after the Closing Date. All private pay or third party payor payments received by Existing Operator that designate the dates of service or other identifying data on the remittance from and after the Closing Date shall be remitted by Existing Operator to New Operator, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by Existing Operator.

(c) In addition, the applicable New Operator shall remit to the Existing Operator any repayment or reimbursement received by New Operator arising out of cost reports filed for the cost reporting period ending prior to the Closing Date. Such remittances shall be made on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by New Operator. Each Existing Operator agrees that any payment, whether received by New Operator from private pay residents and patients or as repayment or reimbursement arising out of cost reports, that pertain to services provided in the period commencing from and after the Closing Date shall be remitted by such Existing Operator to the applicable New Operator on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by such Existing Operator.

(d) To the extent any Party receives any proceeds from the accounts receivable of the other Party, the Parties acknowledge that the Party receiving the payment belonging to the other Party shall hold the payment in trust. No Party shall have any right to offset with respect to such accounts receivable, and the Party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by the remitting party. For a period of six (6) months following the Closing Date, Existing Operator and New Operator shall provide each other with an accounting by the twentieth (20th) day of each month setting forth all amounts received by either of them during the preceding month with respect to accounts receivable. Nothing herein shall be deemed to limit in any way either party's rights and remedies to recover accounts receivable due and owing to it under the terms of this Agreement.

2.6 Payment of Operating Costs, Prorations and Deposits.

(a) Except as otherwise expressly provided herein, Existing Operator shall be responsible for, and shall pay on a timely basis, claims or charges which are owed to third parties arising from Existing

Operator's use, operation or control of the Facility, including bed taxes, payroll, taxes (including real estate taxes and assessments), insurance premiums, utilities, including water, fuel, gas, oil, heat, electricity and other utilities, operating charges, prepaid service contracts, amounts due under executory obligations, amounts due to any third party vendors, including amounts due under any Operating Agreements, and similar obligations for all periods prior to the Closing Date.

(b) New Operator, to the extent they utilize the services provided by third parties, shall be responsible for, and shall pay on a timely basis, any claims or charges which are due to such third parties arising from the use, operation or control of the Facility from and after the Closing Date.

(c) Revenues and expenses pertaining to utility charges for the billing period in which the Closing takes place, prepaid expenses and like items of revenue or expense attributable to the Facility shall be prorated between Existing Operator and New Operator as of the Closing Date. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to Existing Operator. In general, such prorations shall be made so as to reimburse Existing Operator for actual prepaid expense items, and to charge Existing Operator for prepaid revenue items, to the extent that the same are attributable to periods after the Closing Date.

(d) To the extent any third party utility provider delivers final readings as of the Closing Date, Existing Operator shall be responsible for paying such final invoice amount, which shall be reflected in the Closing Statement as a debit to Existing Operator. Utility charges that are not metered and read on the Closing Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

(e) On the Closing Date, Existing Operator shall remove from the Facility any petty cash and any other funds maintained at or for the Facility immediately prior to the Closing Date, other than Resident Trust Funds, which shall be handled in the manner set forth in Section 2.3.

2.7 Future Settlement. All amounts owing from one party hereto to the other party hereto, excluding amounts in respect of Section 2.3 hereof, that require adjustment after the Closing Date, including without limitation, adjustments to the amount of Assumed ETO paid to New Operator under Section 2.4 hereof and prorations or re-prorations of any claims or charges according to Section 2.6 regardless of whether such claims or charges are included in the Closing Statement, shall be settled within three (3) months after the Closing Date. If, thereafter, a party hereto determines that any further adjustment is to be made, such party shall submit a statement to the owing party setting forth any and all such items and the calculation of the amounts due hereunder. Such statement shall be submitted with appropriate backup materials. If amounts are owing from New Operator to Existing Operator, New Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to Existing Operator or to question or dispute in writing any item thereon. If amounts are determined to be owing from Existing Operator to New Operator, Existing Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to New Operator or to question or dispute in writing any item thereon.

2.8 Medicare, Medicaid and other Third Party Payors.

(a) As of the Closing Date, each applicable New Operator shall assume any and all of each applicable Existing Operator's rights and interests in and to such Existing Operator's Medicare provider numbers and Medicare provider reimbursement agreement, and the applicable New Operator shall secure Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names. Each Existing Operator and each New Operator acknowledges and agrees that New Operator are not expected to have received their "tie in" notices from the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services with respect to such Existing Operator's Medicare provider

agreement or a new Medicare provider agreement as of the Closing Date. Prior to New Operator's receipt of their tie in notices and provider agreements, Existing Operator agrees that New Operator shall be permitted to bill for services performed following the Closing under Existing Operator's Medicare and Medicaid provider numbers, to the extent permitted by applicable law. For any period during which New Operator are billing for services performed following the Closing under Existing Operator's Medicare or Medicaid provider numbers, New Operator shall be responsible for and shall pay directly to the applicable Medicare or Medicaid providers, fiscal intermediaries or other governmental or non-governmental authorities any and all costs associated with New Operator's use of such Medicare or Medicaid provider numbers, including, without limitation, any provider taxes associated therewith. Each Existing Operator agrees to cooperate with the applicable New Operator in the assignment of such Existing Operator's Medicare provider agreements to New Operator and the issuance of a new Medicaid provider agreement to New Operator, including completing those portions of Form 855A which confirm the change of ownership of the applicable Facility and the assignment by such Existing Operator of such Existing Operator's Medicare provider agreements to the applicable New Operator and providing to New Operator or any Governmental Entity any information requested to effect the transfer of such Existing Operator's Medicare provider numbers or the issuance to the applicable New Operator of a new Medicaid provider number and Medicaid provider reimbursement agreement. New Operator expressly does not assume, and the assumption by New Operator of each Existing Operator's Medicare provider agreements shall not be construed to impose upon New Operator, any obligations under such Existing Operator's Medicare or Medicaid provider agreements arising with respect to occurrences during the period before the Closing Date.

(b) Nothing set forth herein shall be deemed to limit in any way (i) Existing Operator's right, title, and interest in their cash and accounts receivable for services rendered prior to the Closing Date, which cash and accounts receivable are property of Existing Operator and shall be reimbursed or retained, as applicable, in accordance herewith, and (ii) Existing Operator's ability to complete any remaining billing for services rendered prior to the Closing Date under Existing Operator's Medicare and Medicaid provider numbers. To the extent permitted by such contracts and Legal Requirements, New Operator agrees that (i) following receipt by each New Operator of its "tie in" notice with respect to the applicable Existing Operator's Medicare provider agreement, such Existing Operator may continue to bill under such Medicare provider agreement for services rendered prior to the Closing Date, and (ii) the applicable Existing Operator may file for reimbursable bad debt on the applicable New Operator's Medicare cost report for the first cost report year following the Closing Date.

(c) Existing Operator and New Operator understand that reimbursements from Medicare or Medicaid for items/services provided/rendered after the Closing Date may continue to be issued to Existing Operator for a period of time. If and to the extent they include payment for periods on and after the Closing Date and New Operator is entitled to such payments in accordance with the priority for such remittances as set forth in Section 2.5(b) of this Agreement, Existing Operator shall forward all such Medicare or Medicaid reimbursements in accordance with Section 2.5(b) to the accounts designated in writing by New Operator to Existing Operator until such time as reimbursements are remitted directly to New Operator by Medicare and Medicaid. New Operator, in their reasonable discretion, may approve an alternative method of receiving such funds. Existing Operator shall, or shall cause the applicable affiliates of Existing Operator to, prepare and file with the appropriate governmental authorities final cost reports for the Facility within the time frame required by law.

(d) From and after the Closing Date until any Medicaid managed care provider plans are updated with New Operator's provider information, New Operator agrees that they shall not bill for services provided on and after the Closing Date under Existing Operator's Medicaid managed care provider plans

using Existing Operator's provider information. With respect to any commercial managed care provider plans, New Operator acknowledge and agree that they will obtain their own commercial managed care provider plans and shall not be permitted to bill under Existing Operator's commercial managed care provider plans. Prior to the Closing, Existing Operator agrees to provide New Operator with contact information for all appropriate points of contact for all managed care and HMO third party payors of the Facility so that New Operator can discuss obtaining its own managed care and HMO contracts with respect to such third party payors.

2.9 Facility Records. As of the Closing Date, Existing Operator shall provide the Facility Records to New Operator by leaving all such Facility Records at the Facility, provided, however, that Existing Operator shall be entitled to keep such copies of all Facility Records as they may deem necessary and as permitted by law. New Operator will maintain the Facility Records, to the extent required by law. New Operator shall allow Existing Operator and its affiliates, agents and representatives, at Existing Operator's sole cost and expense, to have reasonable access during regular business hours upon reasonable prior written notice and to make copies of, the Facility Records, to the extent reasonably necessary to enable Existing Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Existing Operator, and to perform similar matters. From and after the Closing Date, New Operator shall be solely responsible for caring for the residents of the Facility in accordance with their contractual rights and in accordance with law. New Operator shall preserve the existence and maintain the confidentiality of the resident records transferred to New Operator pursuant to this Agreement in accordance with federal and state law.

2.10 Deposits. All deposits, if any, held by a utility or other party to an executory contract shall remain the property of Existing Operator, and New Operator shall be required to post their own replacement security deposits, including, but not limited to, any security deposits required under any Assumed Facility Agreements.

2.11 Compliance with Laws. The Parties shall comply in all material respects with all Legal Requirements, and with all applicable rules and regulations of all governmental authorities, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

2.12 Accounts Payable. New Operator agrees to assume all accounts payable for supplies and other goods or equipment ordered under any Assumed Facility Agreement and any supplies ordered in the ordinary course of business and received at the Facility on and subsequent to the Closing Date, and for services ordered under any Assumed Facility Agreement or in the ordinary course of business and rendered and performed on and subsequent to the Closing Date. Existing Operator shall be responsible for all other accounts payable for the period prior to the Closing Date.

2.13 Inspections and Surveys.

(a) Existing Operator shall be responsible for the payment of all fines and penalties imposed by any Governmental Entity which fines and penalties arise in connection with any regulatory investigations, inspections or surveys occurring either prior to or on and after the Closing Date and which are related to events that occurred at or operations of the Facility prior to the Closing Date. New Operator shall be responsible for the payment of all fines and penalties imposed by Governmental Entities which fines and penalties arise in connection with any regulatory inspections or surveys on or after the Closing Date and which are related to the operations of the Facility on or after the Closing Date. Existing Operator shall assist, as appropriate, New Operator in establishing any plans of correction or other responses to be submitted by New Operator after the Closing Date for surveys or inspections that relate to events or circumstances occurring both prior to and on or after the Closing Date within the time allowed for such submissions; however, New Operator's determination as to such plan of correction or other submission shall

be controlling, and New Operator shall be responsible for and bear all costs and expenses (including fines for any delays in submission) as a result of implementing such plan of correction or other submission. Other than fines and penalties related specifically to incidents that occurred prior to the Closing Date, in no event shall Existing Operator be responsible for any fines, penalties or other costs or expenses related to any regulatory inspections or surveys on or after the Closing Date that relate to a physical condition or operational practice at the Facility that existed both prior to and on or after the Closing Date and of which New Operator intentionally fails to cure; provided that the foregoing shall not limit any representation, warranty or covenant of Existing Operator hereunder.

(b) Existing Operator shall provide to New Operator, promptly after receipt of the same, any survey reports, waivers of deficiencies, plans of correction or any other investigation reports issued with respect to the Facility between the Effective Date and the Closing Date and received by Existing Operator. Existing Operator shall notify New Operator immediately upon the occurrence of any survey or investigation of the Facility, regardless of whether the applicable Governmental Entity has issued a formal report or finding (such notice may be done verbally by telephone if promptly followed by written notification).

2.14 Operating Agreements.

(a) With respect to the Resident Agreements, as of the Closing Date, Existing Operator shall assign to New Operator, and New Operator shall accept assignment of the Resident Agreements subject to the representation and warranty of Existing Operator that none of such Residency Agreements (i) deviate in any material respect from the standard form of resident agreement used by Existing Operator at the Facility, (ii) entitle any private pay resident to care at no cost, nor (iii) entitle any resident to care for a reduced cost from that charged to other private pay residents of the Facility, other than discounts that may be offered to a resident in the ordinary course of business.

(b) Set forth on Schedule 2.14(b) is a true, complete, and correct schedule of all written contracts, leases, subleases, agreements, commitments and other arrangements, and any amendments or modifications thereof, used or useful exclusively in the operation of the Facility (collectively, the "Facility Agreements") as of the Effective Date (it being understood and agreed that Existing Operator will use their commercially reasonable efforts to ensure such list is true, complete and correct and that such list shall not include any national contracts entered into by any Existing Operator or any affiliate of Existing Operator that relate both to the Facility and any other facilities or operations not included in the Facility (collectively, the "National Contracts")). Existing Operator shall not assign and New Operator shall not assume any of the Facility Agreements. On or before the date that is thirty (30) days prior to the Closing Date, New Operator will provide Existing Operator with a list of the Assumable Contracts, if any, that the New Operator desire to assume as of the Closing Date; provided that New Operator's failure to deliver such list within such time period shall be deemed as an election by New Operator not to assume any Assumable Contracts. Any such Assumable Contracts that New Operator desire to assume shall be referred to herein as "Assumed Facility Agreements". All Facility Agreements that are (i) not Assumed Facility Agreements or (ii) which are not assignable by their terms and accordingly cannot be included in the Assumed Facility Agreements or (iii) which are designated by New Operator as Assumed Facility Agreements but for which consent to assign cannot be obtained by Existing Operator by Closing shall be deemed "Rejected Facility Agreements".

(c) With respect to the Assumed Facility Agreements, as of the Closing Date:

(i) The same shall be assigned to, and assumed by, New Operator pursuant to the Assignment and Assumption Agreements.

(ii) If required by the applicable Assumed Facility Agreement, the other party (i.e. vendor, etc.) shall, utilizing a form reasonably acceptable to Existing Operator and New Operator, be notified by Existing Operator that the applicable Assumed Facility Agreement is being assigned to, and assumed by, New Operator. Such assumption shall not be deemed to make New Operator liable for any obligations related to the Assumed Facility Agreement prior to the Closing Date.

(iii) Existing Operator shall use commercially reasonable efforts to obtain the consent of the vendors of each Assumed Facility Agreement that requires consent to assignment and shall provide New Operator with periodic status reports with respect thereto.

(d) With respect to any Facility Agreement that is not assignable or for which the other party's (i.e. lessor, etc.) consent to assign is required but cannot be obtained, the other party (i.e. vendor, etc.) shall be notified by Existing Operator that such Facility Agreement shall be terminated as of the Closing and that any liability which has accrued prior to the Closing remains the sole responsibility of Existing Operator and that none of the Facility or New Operator are liable for payment or performance on account thereof. Existing Operator shall be liable for all penalties and fees associated with such terminations.

(e) Intentionally Omitted.

(f) Upon written request from New Operator prior to Closing, Existing Operator agrees that they shall continue, for a period of sixty (60) days following the Closing Date, as the named parties on the following Facility Agreements to the extent such Facility Agreements are Rejected Facility Agreements:

- (i) Any telephone service agreements;
- (ii) Any data or voice circuit agreements; and
- (iii) Any cable or satellite television contracts.

Such Facility Agreements shall continue following the Closing Date in a manner and at levels consistent with how such services were provided to the Facility immediately prior to the Closing Date. In the event New Operator elect to have such Facility Agreements continue following the Closing Date, New Operator shall pay Existing Operator at Closing an amount equal to the "prevailing rate" (as defined herein) for such sixty (60) day period for the service to be provided to New Operator, which amount shall be subject to adjustment after the Closing Date in accordance with Section 2.8 based on actual charges incurred by Existing Operator for such services with respect to such sixty (60) day period. For purposes hereof, the term "prevailing rate" means the then current rate charged to Existing Operator by the provider of such utilities, including any applicable taxes and other charges. New Operator shall use its best efforts to obtain these services directly from the current service provider or another service provider prior to the end of the 60-day term, and Existing Operator shall have the right to terminate any applicable Facility Agreements following the end of such 60-day term.

2.15 Remittances, Mail and Other Communications. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by Existing Operator or their affiliates at any time after the Closing Date relating to periods of operations on and after the Closing Date shall be promptly turned over to New Operator. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by New Operator or their affiliates at any time after the Closing Date relating to periods of operations prior to the Closing Date shall be promptly turned over to Existing Operator.

2.16 Obligations of New Operator. Any obligation this Agreement imposed upon New Operator shall not preclude New Operator from also imposing that obligation upon, or implementing that obligation through a management company; provided, however, that it is expressly understood and agreed that nothing contained in this sentence shall relieve New Operator from their liability for such obligations under this Agreement.

2.17 Excluded Liabilities. Except as specifically and unambiguously provided for in this Agreement, New Operator shall not assume any liabilities or obligations of Existing Operator whatsoever, fixed or contingent, whether known or unknown, including, without limitation, any liabilities or obligations related to or arising from Existing Operator's operation of the Facility prior to the Closing Date (collectively, the "Excluded Liabilities"). Existing Operator acknowledge that Existing Operator are retaining, and shall be liable for all of the Excluded Liabilities, which Existing Operator will pay, discharge and perform, as applicable, in the ordinary course of business. Existing Operator shall retain all of its liabilities and obligations of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of or by reason of the ownership or operation of the Assets, the Facility and/or the Business prior to the Closing Date. Except to the extent expressly and unambiguously expressed herein to the contrary, New Operator is not the successor to liability of Existing Operator and is not herein assuming any liability or detriment from, arising from, out of, or relating to, Transferor's ownership of the Assets, the Facility or any activity of Existing Operator prior to the Closing Date or conduct of Existing Operator after the Closing Date. Transferee does not and shall not assume any payable of Existing Operator, governmental claim or charge, liability of any governmental claim or charge, liability for any general liability, malpractice, professional liability, resident rights violations, or violation of employee rights or contracts, whether such claims arise in Law, equity, in tort, contract, from statute, common law, or from any other source or precedent. Existing Operator shall retain all of the foregoing liabilities and obligations (the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Existing Operator shall retain and New Operator shall not assume, (i) any Medicaid and/or Medicare liabilities for the period prior to the Closing, all of which Existing Operator agrees to satisfy in full as and when due; (ii) accrued expenses which were incurred in the ordinary course of business of the Facility; (iii) any indebtedness of Existing Operator; (iv) Liens affecting the Assets; (v) any liability or obligation of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Facility prior to the Closing; (vi) any violation of the Worker Adjustment and Retraining Notification Act or similar laws (the "WARN Act") with respect to the operation of the Facility as a result of the consummation of the transactions contemplated by this Agreement; (vi) any liability with respect to the employees or former employees, or both; (vii) any liabilities of Existing Operator that relate to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment for periods relating prior to the Closing Date; (viii) any RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement; (ix) any liability or obligation for any funds received from the Medicare Accelerated and Advance Payment Program or any Payroll Protection Program Loans or any state equivalent and/or stimulus money received by the Facility and/or Existing Operator from the state and/or federal government or any other source and/or any Department of Health and Human Services stimulus monies; (x) any and all cost, expense, loss and/or liability in connection with the DOJ Proceeding and/or DOL Proceeding (as defined in Section 4.4) or the results thereof; and/or (xi) any liability or obligation

of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Excluded Assets.

2.18 Computer Systems. Prior to the Closing Date, the parties will work cooperatively to develop a plan to put New Operator's operating systems in place at the Facility in order to insure orderly transition of the operations at the Facility, and each Party will use its commercially reasonable efforts to coordinate logistics relating to the implementation of New Operator's operating systems at the Facility.

2.19 Intentionally Omitted.

2.20 Intentionally Omitted.

2.21 Interim Operations. Between the Effective Date and the Closing Date, Existing Operator shall operate the Facility in the ordinary course of business and in materially the same manner as it has heretofore operated the Facility. Without limiting the generality of the preceding sentence, Existing Operator shall not: (i) sell, transfer or otherwise dispose of any furniture, fixtures or equipment constituting Assets from the Facility except in the ordinary course of business consistent with the prior practices of Existing Operator, in which event, Existing Operator shall replace the same with similar property of materially equal quality, value and usefulness (except with respect to disposed property that has no useful value); (ii) transfer residents from the Facility to a nursing facility owned, operated or managed by Existing Operator or any of its Affiliates, where such transfer is not in the ordinary course of business and not (a) for reasons relating to the health and well-being of the resident transferred, (b) for the election to transfer by the resident or his or her family or attorney-in-fact, or (c) otherwise required by applicable Legal Requirements, (iii) maintain all existing policies of insurance (or comparable policies) of or relating to the Assets and the Facility in full force and effect; (iv) use its commercially reasonable efforts to preserve Existing Operator's existing relationships with suppliers, distributors, customers and others having business relations with Existing Operator such that the Facility will not be impaired; (v) refrain from delaying such repair and/or replacement as a result of the pending transfer; (vi) use its commercially reasonable efforts to keep available the services of the present officers and employees of Existing Operator involved in the day to day operation of the Facility; (vii) use its commercially reasonable efforts to maintain the quality of care provided to residents; (viii) replace inventory, supplies and equipment consistent with past practice; (ix) market, invoice and collect revenue consistent with past practice; (x) use its commercially reasonable efforts to maintain resident census and not permit a drop in census or case mix which would materially impact the Facility revenue; (xi) avoid immediate jeopardy violations, maintain provider agreements without suspension, qualification or limitation or revocation, and avoid what is commonly known as a "ban on admission" or imposition of civil money penalties or the providing of substandard care; and (xii) otherwise operate the Facility so as not to cause a breach of any covenant or warranty contained in this OTA.

SECTION 3 TIME OF CLOSING

The Closing Date shall occur on the first (1st) day of the month following the date on which the Pennsylvania Department of Health ("Pa. DOH") and/or the Pennsylvania Department of Human Services ("Pa. DHS" and, collectively, the "Department") issues written approval for the issuance of the operating Licenses to New Operator for operation of the Facility and the conditions set forth in Section 1.3 are

satisfied. Notwithstanding anything to the contrary contained herein, if the Closing has not occurred by April 1, 2024 (the "Outside Date"), then this Agreement shall automatically terminate at 11:59 p.m. ET on the Outside Date, in which event neither Party shall have any further right or obligation under this Agreement except for those obligations that survive such termination as expressly set forth herein.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF EXISTING OPERATOR

Existing Operator hereby represent and warrant as follows to New Operator:

4.1 Authority, Validity and Binding Effect. Each Existing Operator has all necessary limited liability company power and authority to carry on its business as it is now being conducted. Each Existing Operator is duly organized and in good standing under the laws of the Commonwealth of Pennsylvania. Each Existing Operator is authorized to do business in the Commonwealth of Pennsylvania. Each Existing Operator has all necessary limited liability company power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individuals executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Existing Operator and is enforceable against Existing Operator in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, moratorium, liquidation, reorganization or other similar laws affecting the enforcement of creditors' rights in general.

4.2 No Defaults. The execution and delivery of this Agreement and any documents contemplated hereby by Existing Operator, and the performance of their obligations hereunder, do not and will not:

(a) conflict with or result in any material breach of the provisions of, or constitute a default under the certificate of formation or limited liability company agreement of any Existing Operator;

(b) violate any material restriction to which any Existing Operator is subject or, without the giving of notice, passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any material license, authorization, permit, or other material agreement or instrument to which any Existing Operator is a party, which will not be satisfied or terminated with respect to the Facility prior to the Closing Date as a result of the transactions contemplated by this Agreement or result in the termination of any such instrument or termination of any provisions in such instruments that will result in the impairment of any of Existing Operator's rights under such instruments; and

(c) constitute a violation of any applicable material resolution, rule, regulation, law, statute or ordinance of any Governmental Entity, or any judgment, decree, writ, injunction or order of any court to which Existing Operator is subject or by which their assets are bound, or any credit agreement or other financing arrangement to which any Existing Operator is a party.

4.3 License and Governmental Permits.

(a) The Facility is a duly licensed skilled nursing Facility pursuant to a current unrestricted and unconditional license for the 121 skilled nursing beds and, has current provider agreements under Titles XVIII and XIX of the Social Security Act (the "Medicaid/Medicare Programs") for reimbursement of long term nursing care. All rights, properties and assets required by PADOH or CMS for the operation of the Facility is either owned by Existing Operator or licensed or leased to Existing Operator and are included in the assets

being transferred under this Agreement. The Existing Operator is currently established and licensed by PADOH to operate the Facility pursuant to the Laws of the State of Pennsylvania. The Facility participates as a provider in the Medicaid/Medicare Programs pursuant to current Medicare and Medicaid provider agreements and the Existing Operator is in compliance with all requirements for participation in the Medicaid/Medicare Programs. Existing Operator has neither received written notice nor has actual knowledge of any action threatened or recommended by any state or federal agency to terminate, suspend, qualify, or limit the participation of the Facility in the Medicaid/Medicare Programs. Existing Operator and the Facility have all licenses, certifications, certificates of need, governmental licenses or other licenses (including, without limitation, a valid certificate of occupancy for the Facility allowing the operation of a skilled nursing facility), waivers, permits and other authorizations required to be maintained by Existing Operator for the legal use occupancy and operation of the Facility ("**Permits**"), from appropriate federal, state and/or local agencies which are material to the operation of the Facility, all of which are now and as of the Closing shall be in good standing and in full force and effect or acceptable to New Operator. Existing Operator owns and/or possess, and hold free from restrictions or conflicts with the rights of others, all Permits and has operated the Facility in such a manner that the Permits remain in full force and effect. Existing Operator has no actual knowledge of any facts relating to the Facility that would preclude or limit New Operator from operating the Facility and using all the beds of the Facility as they are currently licensed for the purpose for which they are licensed.

(b) Except as set forth on Exhibit 4.3(b) there are no enforcement actions pending and/or threatened against the Facility and/or Existing Operator due to non-compliance with a condition of participation or repeat deficiencies under State licensing laws and Existing Operator has received no written notification that Existing Operator, the Facility or any of its practices pertaining to the Facility is in violation of any permit or any Law, rule, regulation or order. Existing Operator has not has any deficiencies on its most recent survey (standard or complaint) that would result in a denial of payment for new admissions, nor been cited with any substandard quality of care deficiency (as that term is defined in Part 488 of 42 C.F.R.) on its most recent survey.

(c) Existing Operator does not have knowledge and has not received written notice of any violations of the Life Safety Code, fire, building and other applicable codes, ordinances, rules, regulations and current zoning requirements that have not been cured or for which Existing Operator has not received a waiver from PADOH.

(d) Each Permit with respect to the Facility (i) has not been (A) transferred to any location other than the Facility or (B) pledged as collateral security, (ii) is and will continue after the Closing to be held free from restrictions or known conflicts that would materially impair the use or operation of such Facility as intended, and (iii) is not provisional, probationary, or restricted in any way, except in instances where a Governmental Entity has issued a provisional, probationary or restricted license, permit or certification in the ordinary course pending issuance of a final license, permit or certification.

4.4 Litigation, Etc. Except for the DOJ Proceeding, the DOL Proceeding (as defined below) or as otherwise disclosed on Schedule 4.4 attached hereto, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) by or before any Governmental Entity pending against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation pending with respect to the Existing Operator, the Facility or the business of the Facility. Except as disclosed on Schedule 4.4 attached hereto and resident claims that are covered under Existing Operator's liability insurance, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) threatened against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation, threatened with respect to the Existing Operator, the Facility or the business of the Facility. Existing Operator is not a party to or subject to or in material default under any contract, lease or other agreement, judgment, order or decree of any Governmental Entity, or any settlement agreement that pertains to the Facility or suffered any damage, destruction or loss which, in any case or in the aggregate, has had or likely will have a materially adverse effect on the assets of Existing Operator or the Facility. Notwithstanding anything to the contrary contained herein, Existing Operator has informed New Operator of the pending litigation by the United States Department of Labor against the Existing Operator and certain Affiliates of Existing Operator filed in the U.S. District Court for the Western District of Pennsylvania, Civil Action No. 2:18-cv-01608-WSS (the "DOL Proceeding").

4.5 Occupancy. No persons (other than Existing Operator and the residents of the Facility) have a right to use or occupy any portion of the Facility.

4.6 Title.

(a) Existing Operator has good and marketable title to the Assets and Existing Operator is the true and lawful owner of, and owns all right, title and interest in and to, all of the Assets, free and clear of all pledges, mortgages, liens, charges, security interests, encumbrances, restrictions, lease, license, easement, liability or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, except those imperfections of title and encumbrances, if any, which, individually or in the aggregate, do not interfere with the continued or efficient use of the Assets in the conduct of the operations of the Facility as a skilled nursing facility with 121 beds. Upon the sale of the Assets to New Operator pursuant to this Agreement, (a) all right, title and interest in and to all of such Assets, free and clear of all Liens, will pass to New Operator on the Closing Date and (b) all of the Assumed Contracts and assignable Permits included in the Assets shall be validly assigned to New Operator and, except to the extent thereafter amended by New Operator, New Operator shall have all of the rights and privileges thereunder after the Closing Date to the same extent as though New Operator were the original party thereto. No person or entity has any right to assert any Lien in any amount against any of the Assets.

(b) Existing Operator has not received any notice or has actual knowledge that the Facility is unsuitable for its intended purpose.

4.7 Condition of Assets. Except in the ordinary course of business and consistent with past practices, and then only in the event the same is replaced, nothing individually or in the aggregate comprising a material portion of the assets shall be sold, transferred, leased to others or wasted and Existing Operator shall not otherwise dispose of any assets or anything constituting a portion of the assets, or cancel or compromise any debt or claim, or waive or release any right of substantial value constituting a part of or relating to all or any material part of the Assets. There are at the Facility a number of beds equal to the maximum bed capacity as permitted under the Facility license. To Existing Operator's knowledge, for each such bed, there also exist the minimum furnishings, fixtures and other accessories required by PADOH and all state, local or federal laws or regulations applicable to the Facility. There is a sprinkler system at the Facility and, except as disclosed on Schedule 4.7 hereto, to Existing Operator's knowledge, the sprinkler system is in full operational compliance with all applicable requirements.

4.8 Taxes. Except as disclosed on Exhibit 4.9, there are no unpaid taxes or assessments that are or could become a Lien on any of the Assets. Existing Operator has withheld all federal, state, and local taxes that are required to have been withheld from wages of employees of Existing Operator and has paid over all such taxes in accordance with applicable statutory provisions. Existing Operator has paid when due all sales, excise, property, unemployment, or other taxes required to be paid and timely filed all returns required to be filed with respect thereto. Such returns are true, correct, and complete. Existing Operator shall timely file all tax returns relating to the Facility prior to the Closing Date and timely pay all such taxes when and as due, to the extent payment is not required sooner hereunder.

4.9 Benefit Plans. Except as otherwise set forth in Exhibit 4.10:

(a) Existing Operator does not currently sponsor, maintain or participate in or is required to contribute to or accrue a benefit for any employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), any multiemployer plan ("Multiemployer Plans") as defined in Section 3(37)(A) or (D) of ERISA, any incentive compensation plan, bonus plan, deferred compensation agreement or arrangement, stock option, stock bonus, stock purchase plan, post-retirement medical benefits, post-retirement life insurance benefits or severance benefits or to any other employee benefit plan (whether or not subject to ERISA), program or arrangement of any kind whatsoever which provides or is obligated to provide any kind of benefit (such plans, benefit programs and agreements (excluding Multiemployer Plans) are collectively referred to herein as the "Benefit Plans").

(b) Each Benefit Plan is a welfare benefit plan (as defined in Section (3)(1) of ERISA) is either (i) unfunded or (ii) funded through insurance contracts.

(c) Existing Operator has not committed any act or acts prior to or as a result of Closing which has effected, or could be reasonably expected to effect, a partial or complete withdrawal as such terms are defined under ERISA from any Multiemployer Plan.

(d) Existing Operator has listed in Exhibit 4.10 and made available to New Operator, or will make available to New Operator prior to the Closing, true, complete and correct copies of (i) all Benefit Plans (including amendments); (ii) all summary plan descriptions (whether or not required to be furnished under ERISA); (iii) all latest Annual Report forms filed with respect to any such Benefit Plan; (iv) the most recent actuarial valuation; and (v) determination letters received from the Internal Revenue Service with respect to any such Benefit Plan, except with respect to the Multiemployer Plans.

(e) All obligations of Existing Operator, whether arising by operation of law, by contract or by past custom, for payments to trusts or other funds or to any Governmental Entity or to any Benefit Plan or Multiemployer Plan have been paid, or adequate accruals for such payments have been made by Existing Operator on its books of account as of December 31, 2022, except accruals for such payments attributable solely to events occurring subsequent to December 31, 2022, all of which accruals will have been made by Existing Operator on its books of account as of the Closing Date.

(f) The Benefit Plans and related trust agreements, if any, listed in Schedule 4.9, are valid and in full force and effect and comply with the provisions of ERISA, the Internal Revenue Code of 1986 (the "Code") and all other applicable laws and regulations.

(g) As to each Benefit Plan for which an Annual Report (IRS Form 5500), including schedules, was filed by Existing Operator under ERISA or the Code, no liabilities with respect to any such Benefit Plan existed on the date of the financial statements contained in the most recent Annual Report except as disclosed therein, and no adverse change has occurred with respect to the financial statements covered by such Annual Report since the date thereof. Existing Operator has made or will accrue on its final balance sheet all required contributions and other payments due to its employees or pursuant to each and every Benefit Plan prior to Closing. New Operator shall not assume any Benefit Plan of Existing Operator.

4.10 Labor Matters. Except as and to the extent set forth in Exhibit 4.10:

(a) no collective bargaining agreement presently covers (nor has any, in the past three years covered) any employees of Existing Operator, nor are any currently being negotiated by Existing Operator and, no attempt to organize any group or all of the employees of Existing Operator have been made or proposed and is currently outstanding;

(b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the knowledge of Existing Operator, threatened, between Existing Operator and any of its employees, and Existing Operator has not experienced any such controversy, strike, slowdown or work stoppage within the past three years;

(c) Existing Operator is currently in material compliance with all applicable laws relating to the employment of labor, including those related to wages, hours, collective bargaining, and the payment and withholding of taxes and other sums as required by the appropriate Governmental Entity, and has withheld and paid to the appropriate Governmental Entity or is holding for payment not yet due to such Governmental Entity all amounts required to be withheld from employees of Existing Operator and Existing Operator is not liable for any arrears of wages,

taxes, penalties or other sums for failure to comply with any of the foregoing, and Existing Operator has paid in full to all its employees or adequately accrued for in accordance with GAAP all wages, salaries, commissions, bonuses, vacation, benefits and other compensation due to or on behalf of such employees;

(d) There is no claim with respect to payment of wages, salary or overtime pay that has been asserted and is now pending or, to the knowledge of Existing Operator, threatened with respect to any persons currently or formerly employed by Existing Operator;

(e) Existing Operator is not a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices;

(f) There is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted and is now pending or, threatened, with respect to Existing Operator;

(g) There is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted and is now pending or, threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Entity in any jurisdiction in which Existing Operator has employed or currently employs any person; and

(h) Upon request, Existing Operator shall provide a true and accurate list to New Operator or its designee setting forth the names, positions, and annual salaries or wage rates and bonus and other compensation arrangements as of the end of the last pay period prior to the request for all full and part-time employees of the Existing Operator and indicating whether each employee is part or full time.

4.11 Liens. All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the development and construction of the Facility and/or Assets have been paid, or prior to Closing shall be paid, whether the work is in progress or completed, for all work performed, material, supplies and the like up to and including the Closing Date, and there are no claims against the Existing Operator, the Facility, or any of the Assets in connection therewith which may give rise to a mechanic's lien against the Facility, the Assets or any portion thereto.

4.12 Improvements. No assessments for public improvements have been made against the Facility which remain unpaid, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets, roads, sidewalks and curbs and, none have been proposed or are pending.

4.13 Insurance. Exhibit 4.13 sets forth a true, correct and complete list of all general liability, professional liability, fire, casualty, fidelity, workers' compensation and other insurance policies currently held by or on behalf of Existing Operator relating to the Facility, and a description of any self-insurance arrangements by or affecting the Facility, including any reserves established thereunder. Exhibit 4.13 sets forth with specificity (A) the nature and extent of the coverage provided hereunder, (B) the name of the insurance company which issued the

same, (C) the expiration date thereof, and (D) the total premiums payable and paid thereunder. Each of said policies is in full force and effect and shall be maintained by Existing Operator in full force and effect until the Closing, and all premiums due thereunder have been paid and shall be paid by Existing Operator until the Closing. No written notice has been received from the insurance company which issued any of said policies stating in effect that such policy will not be renewed or will be renewed at a higher premium than is presently payable thereof or requesting the performance of any structural or other material repairs or alterations to the Facility.

4.14 Environmental Laws.

(a) Existing Operator does not have knowledge of and has not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or Release of any Hazardous Substance at the Facility, which Hazardous Substances were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise handled at, or transported or released from the Facility, or regarding compliance with Environmental Laws. Existing Operator has not received any written notice of any other claim, demand or action by any individual or entity alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or Release of any Hazardous Substances at, on, under, in, to or from the Facility or real property or in connection with any operations or activities of Existing Operator thereat.

(b) For purposes of this Agreement, the term “Environmental Laws” shall mean any applicable statutes, ordinances, directives or other written, published laws, any written, published rules or regulations, orders, guidelines or policies, and any licenses, permits, orders, judgments, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any Governmental Entity, relating to pollution or protection of public health or the environment, or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, or Release of any Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws enacted, promulgated or lawfully issued by any Governmental Entity.

(c) For purposes of this Agreement, the term “Hazardous Substances” shall mean any pollutants, contaminants, substances, chemicals, carcinogens, wastes, dangerous wastes, or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including, but not limited to, petroleum and its derivatives, PCBs, asbestos, radioactive materials, waste waters, sludge, slag and any other substance, material or waste), as defined in or regulated by any Environmental Laws or as determined by any Governmental Entity.

(d) For purposes of this Agreement, the term “Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migration, dumping or disposing into the environment.

(e) Existing Operator has not installed any underground storage tanks on or adjacent to the Facility, and there are no underground storage tanks on the real estate portion of the Existing Operator's assets.

(f) All sewage from the Existing Operator's Assets is being lawfully discharged into the municipal system.

4.15 Compliance with Laws. Except with respect to the DOJ Proceeding or as disclosed in Schedule 4.4: There is not pending or threatened any audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement. Existing Operator further represents that there have been no adjudications or notices of Medicare or Medicaid fraud or abuse relating to the operation of the Facility, nor to Existing Operator's knowledge are there any conditions at the Facility which reach the level of fraud or abuse within the regulations governing either the Medicare or Medicaid program or under relevant State or Federal Laws.

Existing Operator is not a target of, participant in, or subject to any action, proceeding, suit, audit, investigation or sanction by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any patient or resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medicaid/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could reasonably be expected to have a Material Adverse Effect on Existing Operator, or the operation of the Facility, including the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Permit, or affect Existing Operator's participation in the Medicare, Medicaid, or other third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor has any such action, proceeding, suit, investigation or audit been threatened.

Existing Operator, the Facility and the operation thereof is in compliance (without waivers) and as of the Closing Date will be in compliance (without waivers) with (i) all applicable municipal, county, state and federal laws, regulations, ordinances, standards, policies, rules, restrictions and orders, including without limitation, all health, building, fire and zoning ordinances and life safety codes and the Americans with Disabilities Act, as the same may be amended, including quality and safety standards; (ii) accepted professional standards and principles that apply to the provision of services at the Facility; (iii) federal, state or local laws, rules, regulations or published interpretations or policies relating to the prevention of fraud and abuse; (iv) insurance, reimbursement and cost reporting requirements, government payment

program requirements; and (v) requirements relating to the Facility's physical structure and environment, licensing, quality and adequacy of nursing facility care, distributions of pharmaceuticals, rate setting, equipment, personnel and operating policies. The Property has been and is presently used and operated in compliance in all material respects with, and in no material way violates any applicable statute, law, regulation, rule, licensing requirement, ordinance, order or permit of any kind whatsoever affecting the Property or any part thereof, including without limitation, any PADOH laws, Environmental Laws, and any rules or regulations promulgated thereunder, as well as any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, nondiscrimination, health, safety, pensions and employee benefits.

Existing Operator has not received written notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over New Operator or otherwise to rework or redesign the Facility so as to conform to or comply with any existing law, code or standard which has not been fully satisfied prior to the Effective Date or which will not be satisfied prior to the Closing Date.

All billing practices of Existing Operator to all third party payors, including the Medicare and Medicaid programs and private insurance companies, have been in compliance with all applicable laws, regulations and policies of such third party payors and the Medicaid and Medicare programs.

Existing Operator has instituted, and the Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable guidelines established by the Health Care Authorities.

Existing Operator is in compliance in all material respects with the Health Care Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder.

Neither Existing Operator nor any of its affiliates have provided any incentives to contracted provider networks or providers that have violated any Applicable Law with respect to inducing, directly or indirectly, such contracted provider networks or providers to refer patients to the Facility. Existing Operator and the Facility are, and at all relevant times have been, in compliance with all applicable state and federal anti-kickback, self-referral and/or patient brokering statutes, the Stark law, the federal False Claims Act and any state law prohibiting kickbacks or certain referrals relating or applicable to Medicare or any other state or federal health care programs. In addition, Existing Operator, the Business and the Facility are, and at all relevant times have been, in compliance with all Applicable Laws pertaining to (i) billing to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud and (ii) collection agencies and the performance of collection services.

Each employee of Existing Operator who is required by Applicable Law to hold a valid permit or other qualification to deliver health care services to patients (including the performance of diagnostic services such as x-ray or lab services) holds such permit or other qualification and is performing only those services which are permitted by such permit or other qualification.

Existing Operator has paid all quality assurance fees, bed taxes and nursing home provider fees due and owing to the applicable Health Care Authorities.

All repairs, replacements, remodeling, alterations, improvements and construction at, to or on the Facility have been made pursuant to approved permits and approvals required by applicable Health Care Authorities.

There is no corporate integrity agreement or other monitoring or compliance agreement required by the Office of Inspector General ("OIG") or any other Governmental Entity that is currently in place and affecting the Facility or the Existing Operator, and there are no pending or threatened OIG or Department of Justice investigations involving the Facility, the Existing Operator, or their Affiliates.

Existing Operator is in compliance with all federal, state and local laws, rules and regulations relating to the employment authorization of its employees and independent contractors (including the Immigration Reform and Control Act of 1986, as amended and supplemented, and Sections 212(n) and 274A of the Immigration and Nationality Act, as amended and supplemented, and all implementing regulations relating thereto), and Existing Operator is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFR § 274a.1(a)(1994)).

Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or amend or otherwise change the Facility and/or the number of beds approved by PADOH (or any subdivision) or any other applicable state licensing agency, and there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

4.16 Cost Reports. Existing Operator has filed and will prior to Closing file all cost reports required to be filed under Title XVIII or Title XIX and timely complied with all other applicable reporting requirements relating to the period prior to Closing. All cost reports and other reports are, to the extent they currently exist, and otherwise shall be true and accurate in all material ways. Existing Operator shall deliver to New Operator a copy of all cost reports filed between the execution of this Agreement and Closing. There are no current, pending or outstanding Medicare, Medicaid or third party payor program reimbursement audits or appeals. There are no cost report years that are subject to audit, no cost reports remain "open" or unsettled, and there are no current or pending Medicare, Medicaid or other third-party payor program recoupment efforts, in each case with respect to the Facility.

4.17 Resident Agreements. A copy of the current standard form of Admission Agreement used by the Facility has been provided to New Operator. To Existing Operators' knowledge there are no other agreements with residents of the Facility which materially deviate from the standard form.

4.18 Surveys and Reports. Complete copies of Department of Human Services and/or PADOH survey reports, any waivers of deficiencies, plans of correction, and any other governmental investigation report issued with respect to the Assets during the past twenty-four (24) months have been provided to New Operator prior to, or will be provided to New Operator upon their request promptly following execution of this OTA. All deficiencies and violations cited in any existing survey have been corrected or corrective action plans implemented therefore and will be corrected prior to Closing. There are no bans, remedies, sanctions, prohibitions on payment, or limitations in effect with respect to admissions to the Facility, or any licensure curtailments in effect with respect to the Facility. Except as disclosed on Exhibit 4.18, none of the following exists with respect to any Facility:

- (a) immediate jeopardy violations or any deficiencies which scope and severity levels constitute “substandard quality of care” in effect with respect to the Facility;
- (b) the Facility has not received notice of inclusion or intended inclusion as a Federal Special Focus Facility or any State equivalent;
- (c) notice of violations with scope and severity level of “F” (or the equivalent) or higher;
- (d) notice of termination of the license issued by PADOH to operate the Facility as a skilled nursing facility;
- (e) notice of termination of the certification issued by PADOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
- (f) notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
- (g) notice of a material Life Safety Code deficiency cited by CMS, HFS, PADOH, or state or local building, fire safety or health authorities that have not been corrected as of the date hereof;
- (h) notice of imposition of civil monetary penalties or other immediate sanctions in accordance with 42 CFR §488.30 et seq.; and
- (i) notice that the Facility will be prohibited from admitting, or will not be reimbursed for new residents.

4.19 Broker. No person or entity is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Existing Operator or any of its affiliates. If any fees or commissions are claimed or payable as a result of any person’s claimed representation of Existing Operator, the same shall be the Existing Operator’s sole responsibility.

4.20 Absence of Certain Changes or Events. Except as set forth in Exhibit 4.20, since the date of the most recent Financial Records, (a) Existing Operator has operated the Assets and the Facility only in the ordinary and usual course of business consistent with past practice; (b) there has not occurred any event or circumstance that would have required the consent of, or notice to, or consultation with New Operator if this Agreement had been in effect on such date; and (c) there has not occurred any other event, circumstance or other change in the Assets or the Facility (financial or otherwise) that, alone or in the aggregate, has had or reasonably could be expected to have a Material Adverse Change.

4.21 Conduct of Business Pending the Closing Date. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to by New Operator in writing:

(a) Existing Operator will lawfully operate the business of the Facility in the ordinary course and in substantially the same manner as it has heretofore and in a manner which is consistent with this OTA.

(b) Existing Operator shall not dispose of any fixed assets except in the ordinary course of business consistent with past practice, change employment terms for any executive or group of employees or institute, amend, or terminate any employee benefit plan. Existing Operator agrees that it shall consult with New Operator prior to entering into or amending any contract, lease or other agreement which will be in effect and bind the Facility after the Closing Date, unless such contract lease or other agreement or amendment thereto can be terminated by Existing Operator without cause on thirty (30) day's notice.

(c) Upon reasonable prior notice, Existing Operator shall give New Operator and its representatives full access during normal business hours to all of the properties, books, contracts, commitments and other records of the Existing Operator pertaining to the Facility and the business of the Facility and will furnish New Operator and its representatives during such periods with all such information and data concerning the affairs of the Facility as New Operator or such representatives reasonably may request.

4.22 Cooperation with New Operator. Existing Operator will assist and cooperate with New Operator in any reasonable request with regard to submission for approval of transfer to PADOH or any other governmental or non-governmental entity from whom New Operator seeks to obtain permission.

4.23 Inventory. On the Closing Date, the Existing Operator shall maintain its normal inventory of supplies, which in no event shall be less than sufficient quantities of supplies required by law and in all cases consistent with past practices and prudent operation of the Facility.

4.24 Patient Trust Funds. The patient trust funds transferred hereunder are all such funds required to be held by law.

4.25 Intentionally Omitted.

4.26 Aliases. Existing Operator has not used any names other than those set forth on Exhibit 4.26.

4.27 Patriot Act Representations. Existing Operator is not, and is not acting, directly or indirectly, for or on behalf of any Person named as a “specially designated national and blocked person” (as defined in Presidential Executive Order 13224) on the most current list published by the U.S. Treasury Department of Foreign Assets Control, and Existing Operator is not engaged in this transaction, directly or indirectly, on behalf of, and are not facilitating this transaction, directly or indirectly, on behalf of, any such Person. Neither Existing Operator nor their constituents or affiliates are in violation of any laws relating to terrorism or money laundering, including the aforesaid Executive Order and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), as amended.

4.28 Financial Records. Existing Operator has furnished to New Operator, true, complete and correct copies of the unaudited financial statements of the Facility for the three full calendar years ending prior to the Effective Date and year-to-date financial statements for the calendar year in which the Effective Date and/or the Closing Date occurs (collectively, the “Financial Records”). The Financial Records (i) have been prepared from the books and records of Existing Operator in conformity with Generally Accepted Accounting Principles, applied on a consistent basis, except that the unaudited statements are without footnotes and are subject to normal yearend adjustments, (ii) present fairly the financial position of the Facility as of the date of the balance sheet included in the Financial Records and the results of operations and the cash flows of the Facility for the periods ending on the date of the Financial Records, and (iii) are true, complete and correct, in all material respects. Since the date of the most recent Financial Record, there has not been any Material Adverse Change.

4.29 Audits. Except as set forth on Schedule 4.29, Existing Operator has not received any notice of any desk audits or full audits by any Healthcare Authority in connection with any Medicaid or Medicare cost reports filed by Existing Operator.

4.30 COVID-19. Schedule 4.30 attached hereto sets forth a list of all payments received and applications pending for monies received by Transferor relating to COVID-19, including all CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds (as the foregoing are hereinafter defined). Transferor has complied in all material respects with respect to Legal Requirements pertaining to the handling of such CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds, including, without limitation, all material reporting requirements

4.31 Accuracy of Representations and Warranties. Each representation and warranty of Existing Operator hereunder is true, complete and correct in all respects as of the Effective Date and shall be deemed remade as of the Closing Date with the same force and effect as if made on the Closing Date. All references in this Agreement to “Existing Operator’s knowledge”, “the knowledge of Existing Operator” or words of similar import shall refer only to the actual knowledge of Ephram Lahasky (“Designated Representative”), without independent investigation or inquiry. There shall be no personal

liability on the part of the Designated Representative arising out of any representations or warranties made herein.

**SECTION 5
RESERVED**

**SECTION 6
MISCELLANEOUS**

6.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Agreement and the transactions referred to herein, contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.2 Notices. All notices, requests, consents, approvals, waivers, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered to the Parties (a) on the date of transmission by electronic mail, with confirmation from the recipient of the successful delivery of such transmission, (b) on the first business day following the date of delivery to a nationally recognized overnight courier service, or (c) on the third business day following the date of deposit in the United States Mail, postage prepaid, by certified mail, return receipt requested, in each case, addressed as follows, or to such other address, Person as any Party may designate by notice to the others in accordance herewith:

If to Existing Operator, to:

c/o Comprehensive Healthcare Management Services
600 Broadway, Suite E
Lynbrook, New York 11563
Attn: Mordy Lahasky
Email: mordyeph@gmail.com

If to New Operator:

MTL Opco LLC
395 Pearsall Avenue, Suite K,
Cedarhurst NY 11516
Attention: Gedaliah Wielgus

6.3 Entire Agreement; Amendment; Waiver. This Agreement, including all schedules, exhibits and all other documents executed in connection with and pursuant to the terms and conditions of this Agreement, constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be modified or amended except in writing signed by the Parties hereto. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be effective unless in writing and signed by the party granting the waiver. Further, no such waiver shall be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

6.4 Assignment. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by any Party hereto without the express prior written consent of the other Parties hereto.

6.5 Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the Parties hereto with respect to the subject matter hereof. The Parties hereto do not intend that any third party shall have any rights under this Agreement.

6.6 Representation by Counsel. The Parties hereto acknowledge that they have been represented by independent legal counsel of their choosing throughout all of the negotiations which preceded the execution of this Agreement, and that each party has executed this Agreement with the consent and on the advice of such independent legal counsel. This Agreement is a negotiated document. As a result, any rule of construction providing for any ambiguity in the terms of this Agreement to be construed against the draftsman of this Agreement shall be inapplicable to the interpretation of this Agreement.

6.7 Captions. The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

6.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or email transmission of any signed, original counterpart transmission shall be deemed the same as the delivery of an original. The parties agree and acknowledge that this Agreement may be kept in electronic form and that an electronic version of this Agreement will be just as valid and enforceable as the original.

6.9 Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

6.10 Jurisdiction. Each Party hereto consents to the jurisdiction of the courts of the Commonwealth of Pennsylvania, or if it can acquire jurisdiction, in the Federal District Courts located in the Commonwealth of Pennsylvania as to claims arising under or brought in connection with this Agreement and the transactions contemplated herein.

6.11 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

6.12 Confidentiality.

(a) Existing Operator acknowledges that certain of the information that has been and will be made available pursuant to this Agreement may be proprietary and include confidential information. Existing Operator shall hold all such information about New Operator in confidence and shall not disclose it to any Person (other than to their respective representatives, so long as those representatives agree to keep any such information in confidence) without the approval of New Operator supplying such information; provided, however, that the foregoing restriction shall not apply to any information that is, through no fault of Existing Operator, publicly known or which is lawfully obtained from a third party, or to any disclosure required by any Legal Requirements or in connection with the enforcement of Existing Operator's or New Operator's rights under this Agreement.

6.13 Calculation of Time Periods. Any reference in this Agreement to a “business day” shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays, all days on which commercial banks in New York State are required by law to be closed. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included. Any reference in this Agreement to a “day” or a number of “days” (other than references to a “business day” or “business days”) shall mean a calendar day or calendar days, provided that if the calendar day or last calendar day to perform any act or give any notice or approval shall fall on a calendar day that is not a business day, such act or notice may be timely performed or given on the next succeeding business day.

6.14 Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend and/or supplement all exhibits and schedules in order for the same to be complete, current, true and correct as of the Closing Date.

6.15 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to the Parties or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability of such provision, or the application thereof, in any other jurisdiction.

6.16 Publicity. Prior to Closing, the Parties hereto shall consult with each other as to the form and substance of any press release or other public disclosure regarding the transactions provided for herein or contemplated hereby, and no Party hereto shall make any public disclosure thereof prior to the Closing without the consent of the other Parties hereto provided that nothing herein shall prohibit any Party from making any public disclosure which it, with advice of counsel, deems reasonably necessary to comply with laws applicable to it.

6.17 Non Solicitation/Non Compete. Neither Existing Operator nor any of its or their affiliates or principals shall knowingly and intentionally (i) solicit management level Employees for a period of twelve (12) months following the Closing Date or (i) hire any Employees for employment at any long-term care facilities owned or operated by any affiliates of Existing Operator located within a twenty (20) mile radius of the Facility for a period of twelve (12) months following the Closing Date. In the event that during the period beginning on the Closing Date and ending upon the date that is twelve (12) months following the Closing, any Employee is solicited (for this purpose, solicit shall not include a Facility employee who responds to employment opportunities which are posted or advertise by affiliates of Existing Operator in the ordinary course of such affiliate’s hiring practices) or hired for employment by any person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Existing Operator in violation of the preceding sentence, then Existing Operator shall pay to New Operator an amount equal to Twenty-Five Thousand Dollars (\$25,000.00) as liquidated damages, for each such

Employee that is solicited or hired in violation of this section. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Twenty-Five Thousand Dollars (\$25,000.00) is a fair and reasonable approximation of such actual damages.

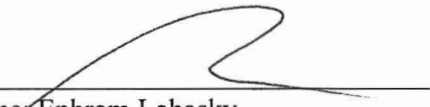
[SIGNATURES BEGIN ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

EXISTING OPERATOR:

Mt Lebanon Operations LLC,
a Pennsylvania limited liability company

By: 

Name: Ephram Lahasky

Its: Authorized Signatory

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

NEW OPERATOR:

MTL Opco LLC,
a Nevada limited liability company

By: 
Name: Gedaliah Wladys
Title: Authorized signatory

EXHIBIT A

Other Facilities

<u>Other Facility Name and Address</u>	<u>Other Existing Operator</u>	<u>Other New Operators</u>
Monroeville Rehabilitation and Wellness Center 4142 Monroeville Boulevard Monroeville, PA 15146-2608	Monroeville Operations LLC	Monroeville Opco LLC
Murrysville Rehabilitation and Wellness Center 3300 Logans Ferry Road, Murrysville, PA 15668-1205	Murrysville Operations LLC	MTL Opco LLC
South Hills Rehabilitation and Wellness Center 201 Village Drive, Canonsburg, PA 15317-2368	South Hills Operations LLC	South Hills Opco LLC

EXHIBIT B

DEFINITIONS

“Environmental Law” means, collectively, any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered including, but not limited to, those materials or substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “pollutants” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State of New Jersey, and any rules and regulations promulgated thereunder, all as presently or hereafter amended.

“Facility Records” shall mean all of the books, records (including all current resident and employee records in the form located at the Facility on the Closing Date), accounts, files, logs, ledgers and journals pertaining to or used in the operations of the Facility, including, but not limited to, any electronic data stored on computer disks or tapes, and originals of any of the foregoing that relate to the operations of the Facility but excluding any Excluded Assets, including, without limitation, books, records, accounts and files pertaining to former employees and former residents of the Facility and any background checks, drug test results or other employee records that are produced and maintained by third party vendors.

“Governmental Entity” shall mean any (a) federal, state, county or municipal government, or city, town, borough, village, district or other jurisdiction; (b) governmental or quasi-Governmental Entity of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); and (c) any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power.

“Hazardous Substances” means all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, toxic mold, petroleum, asbestos containing materials, asbestos insulation and/or urea formaldehyde insulation, polychlorinated biphenyls, lead and lead-based paint, which are regulated, governed, restricted or prohibited by the Environmental Laws.

“Health Care Authorities” shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of the Facility as a skilled nursing facilities.

“Health Care Requirements” shall mean, with respect to the Facility, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of such Facility or any part thereof as a nursing facility and all regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with Health Care Authorities as pertaining to such Facility and the payment and/or reimbursement for services rendered or goods or materials supplied at such Facility.

“Legal Requirement” shall mean any federal, state, local, municipal or other order, constitution, law, ordinance, principle of common law, code, regulation, or statute.

“Material Adverse Change” means any circumstance, event, effect or change that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to (1) the Business, or the results of operations or condition (financial or otherwise) of the Facility taken as a whole, (2) the Property or the Assets; or (3) the ability of Existing Operator to perform their respective obligations under this Agreement; provided, that no circumstance, event, effect or change arising out of any of the following shall be deemed to constitute a Material Adverse Change: (i) the economy in general, (ii) the economic, business, financial or regulatory environment generally affecting the industries in which Existing Operator operates, or (iii) an act of terrorism or an outbreak or escalation of hostilities or war (whether declared or not declared) or any natural disasters or any national or international calamity or crisis, except to the extent involving the Facility; in each case other than any circumstance, event, effect or change to the extent that such any circumstance, event, effect or change, individually or in the aggregate, has or would reasonably be expected to have a disproportionately adverse effect on Existing Operator as compared to other participants in the industry in which Existing Operator operates.

“Material Adverse Change” also means with respect to any individual Facility (A) the loss of operating licensure; or (B) the loss of any existing Medicare or Medicaid participation; or (C) the designation of the Facility by Centers for Medicare and Medicaid Services as a “Special Focus Facility” under its Special Focus Facility Program.

“Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Entity.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Resident Census Report” shall mean a true, correct and complete schedule (provided in accordance with all applicable Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of the Facility, the average daily rate and other charges payable with respect thereto, the class of payment or reimbursement (i.e., private, third-party payor, Medicare, and Veterans Administration), the average monthly census of the Facility and its occupancy rate.

“Resident Trust Funds” shall mean the funds held in trust by Existing Operator for residents at the Facility.

EXHIBIT C

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of the [•] day of [•], 20__, by _____, a
_____ limited liability company (“**Grantor**”), to [•] (“**Grantee**”).

KNOW ALL PERSONS BY THESE PRESENTS, that for and in consideration of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt whereof is hereby acknowledged and intending to be legally bound hereby, Grantor does grant, sell, convey, transfer, assign, deliver and set over unto Grantee, its heirs, executors, administrators, successors and assigns, forever, all of Grantor’s right, title and interest in the assets listed on Exhibit A attached hereto (the “**Purchased Assets**”) located in or upon, and used solely in connection with the operation of that certain skilled nursing facility known as [•] located at [•] (the “**Facility**”), or any portion thereof, WITHOUT RECOURSE OR WARRANTY, except for the representations and warranties, if any, concerning the Purchased Assets as set forth in that certain Operations Transfer Agreement dated as of [•], 20__ by and among Grantor and certain of its affiliates and Grantee and certain of its affiliates (the “**OTA**”) to have and to hold the same unto Grantee, its heirs, successors, administrators and assigns, forever. Specifically excluded from this Bill of Sale shall be those items described and defined as “Excluded Assets” in the OTA. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the OTA.

(Signatures on following page)

IN WITNESS WHEREOF, Grantor and Grantee have caused this Bill of Sale to be executed and delivered as of the day and year first above written.

GRANTOR:

By: _____
Name:
Its:

GRANTEE:

By: _____
Name:
Its:

(Signature page - Bill of Sale and Assignment)

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assignment”) is made as of the [•] day of [•], 20__, _____, a _____ limited liability company (“Assignor”), and _____ (“Assignee”).

RECITALS:

A. This Assignment is made in connection with that certain Operations Transfer Agreement, dated [•], 20__, by and among Assignor and certain affiliates, on the one hand, and Assignee and certain affiliates, on the other hand (the “Operations Transfer Agreement”), pursuant to which Assignor is transferring to Assignee the operations of that certain facility known as [•] and located at [•] (the “Facility”). Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Operations Transfer Agreement.

B. Pursuant to the terms of the Operations Transfer Agreement, Assignor is to assign to Assignee, all of its right, title and interest in the Resident Agreements and the Assumed Facility Agreements entered into by Assignor or in possession of Assignor with respect to the operation of the Facility.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties hereto, intending to be legally bound, agree as follows:

1. Assignor hereby assigns, conveys and transfers to Assignee all of Assignor’s right, title and interest, if any, in and to Assumed Facility Agreements as set forth on Schedule 1 attached hereto and made a part hereof, to the extent assignable.

2. Assignor hereby assigns, conveys and transfers to Assignee, all of Assignor’s right, title and interest of Assignor under the Resident Agreements in effect as of the date hereof and made a part hereof.

3. Assignee hereby assumes the duties and obligations of Assignor under [the Assumed Facility Agreements and the Resident Agreements, which duties and obligations arise and accrue from and after the date hereof. For the avoidance of doubt, Assignee assumes no duties or obligations of Assignor under any Assumed Facility Agreement or Resident Agreement that arose or accrued prior to the date hereof, and such duties and obligations remain the sole and exclusive responsibility of Assignor.

4. Except as may be expressly set forth in the Operations Transfer Agreement (and as limited thereby), Assignor makes no representations or warranties of any kind with respect to the Assumed Facility Agreements or Resident Agreements assigned herein.

5. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

6. This Assignment shall be governed by the laws of the _____ as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

7. This Assignment may be executed in one or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterpart. This Assignment may be executed by any party by the delivery of such party by facsimile, by portable document via electronic mail, or by other electronic means, a copy of the signature page of this Assignment duly executed by such party. Any copy of this Assignment so delivered by facsimile, by portable document format, or by other electronic means, shall be deemed to be an originally executed copy of this Assignment.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

By:_____

Name:

Its:

ASSIGNEE:

By:_____

Name:

Its:

(Signature Page – Assignment and Assumption Agreement)

OPERATIONS TRANSFER AGREEMENT

This OPERATIONS TRANSFER AGREEMENT (“Agreement”) is entered into as of October 30, 2023 (“Effective Date”), by and among Murrysville Operations LLC, a Pennsylvania limited liability company (the “Existing Operator”), and Murrysville Opco LLC, a Nevada limited liability company (the “New Operator”). Existing Operator and New Operator are sometimes each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. GPH Murrysville LP, a Delaware limited partnership (“Owner”), is the fee owner of that certain 120-bed licensed skilled nursing facility known as “Murrysville Rehabilitation and Wellness Center” and located at 3300 Logans Ferry Road, Murrysville, PA 15668-1205 (the “Facility”)

B. Existing Operator is the licensed operator of the Facility, and leases the Facility from Owner pursuant to a Master Lease agreement by and between Owner and Existing Operator, and others (the “Existing Lease”).

C. Concurrently with the execution of this Agreement, (i) Owner and PA 3 SIX MASTER LLC, a Delaware limited liability company (“Master Tenant”) have entered into that certain Lease Agreement dated as of the date hereof (the “Master Lease”) pursuant to which Master Tenant has agreed to lease the Facility and (ii) Master Tenant and New Operator have entered into that certain Sublease, pursuant to which New Operator shall sublet the Facility from Master Tenant.

D. Existing Operator owns certain Assets (as defined herein) used in connection with the operation of the Facility.

E. Existing Operator desires to divest itself of the operations of the Facility and all of its interest in the tangible and intangible property and other interests relating to the operation and/or management of the Facility, all upon the terms and conditions contained in this Agreement.

F. The Parties hereto desire for Existing Operator, subject to the satisfaction of the conditions contained herein, to cease operating the Facility and surrender all rights in and to the Facility, except as provided in this Agreement, and for New Operator to commence operation of the Facility.

G. The Parties wish to provide for an orderly and lawful transition of the operations of the Facility from Existing Operator to New Operator.

H. Concurrently herewith, certain affiliates of Existing Operator identified as “Other Existing Operators” on Exhibit A hereto (the “Other Existing Operators”) and certain affiliates of New Operator identified as “Other New Operators” on Exhibit A hereto (the “Other New Operators”) have entered into those certain Operations Transfer Agreements (the “Other OTAs”) with respect to the skilled nursing facilities identified on Exhibit A hereto (the “Other Facilities”).

I. Certain capitalized terms used herein have the meanings given to them on Exhibit B attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that:

SECTION 1
TRANSFERRED ASSETS; CONDITIONS TO CLOSING;
DELIVERIES UPON CLOSING DATE

1.1 Transferred Assets. Effective simultaneously with the Closing Date (collectively, the “Closing”), Existing Operator agrees that Existing Operator’s rights in and to the Facility and all rights of Existing Operator to occupy or otherwise operate the facility shall terminate, except those rights or obligations which survive or are retained by Existing Operator pursuant to this Agreement, and Existing Operator hereby assigns, transfers, conveys and delivers to the applicable New Operator, all of Existing Operator’s rights, title and interest in and to the following, hereinafter collectively referred to as the “Assets”:

(a) To the extent permitted under the applicable agreements, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all rights of Existing Operator in, to and under the Assumed Facility Agreements;

(b) To the extent permitted under state laws and regulations, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all occupancy, residency, tenancy and similar written agreements entered into in the ordinary course of business with residents, and any amendments or modifications thereof (collectively, the “Resident Agreements” and together with the Assumed Facility Agreements, collectively, the “Operating Agreements”);

(c) All licenses, permits and approvals other than certificates of need (or the equivalent) related to the applicable Facility, to the extent Existing Operator’s interests are assignable and/or transferrable pursuant to Legal Requirements;

(d) All rights, title and interest of Existing Operator in and to any trade names and all variations thereof connected with the applicable Facility;

(e) all inventory and supplies but not less than a quantity of inventory and supplies which is the greater of what is customarily maintained at the Facility or that which a prudent operator would maintain, including, but not limited to, office, foodstuffs, medical, disposables, prescription medications and pharmaceutical inventories and supplies and other inventories, supplies and articles of personal property of every kind and nature attached to or used in connection with the Facility which are owned by Existing Operator;

(f) all furniture, fixtures, furnishings, equipment, appliances, tools, instruments, machinery, computers, computer equipment and hardware, office equipment, trucks, vehicles and other transportation equipment, parts, supplies, time clocks and other tangible personal property owned by Existing Operator as of the date of this OTA or acquired by Existing Operator prior to the Closing Date which are used in connection with the operation of the Facility

(g) All telephone and facsimile numbers relating to the applicable Facility (including all “800” numbers) and all post office box addresses associated with the Facility;

(h) all menus, policies and procedures manuals, operating manuals, training materials, marketing, sales and promotional materials, intellectual property including, but not

limited to, all patents, trademarks, service marks, copyrights (whether or not registered) and registrations and applications therefore, trade names, trade secrets, confidential know-how and similar proprietary information, and/or computer software owned by Existing Operator or used by the Facility to the extent the license for same is transferable and accepted by New Operator; and

(i) Any and all other items of tangible and intangible personal property owned by Existing Operator and used solely in connection with the operation, leasing and maintenance of the Facility (collectively, the “Personal Property”), and any goodwill of Existing Operator associated with the business operated at such Facility.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein the Assets shall not include the following items (collectively, the “Excluded Assets”):

(a) Existing Operator’s rights under this Agreement or any other agreement between Existing Operator and New Operator;

(b) all refunds for taxes, fees, assessments and charges for the period prior to the Closing Date;

(c) amounts of any nature which are or might be due to Existing Operator for goods provided, services rendered, or any other transaction of any type prior to the Closing Date;

(d) refunds, rebates and dividends paid in respect of workers compensation or other insurance premiums paid by Existing Operator prior to the Closing, and refunds and additional recoveries by or payments to Existing Operator from any Person for services, provision of goods or supplies, or any other transactions prior to the Closing Date;

(e) all refunds arising out of retrospective premium adjustments under insurance policies covering the Facility or operations thereof relating to the period prior to the Closing Date;

(f) inventory disposed of in the ordinary course of business prior to the Closing Date;

(g) any provider tax payments related to periods prior to Closing Date;

(h) all security deposits and prepayments paid by Existing Operator to third parties for future services, if any;

(i) any and all Medicaid and Medicare audit and case mix appeal rights and payments for periods prior to Closing Date;

(j) any state Medicaid or Medicare reimbursements or adjustments for services rendered prior to Closing Date;

(k) equipment leased pursuant to any lease that is not an Assumed Facility Agreement;

(l) all Rejected Facility Agreements;

(m) Existing Operator’s corporate minute books and seals;

(n) any insurance proceeds paid or payable to Existing Operator for claims to the extent arising prior to Closing Date;

(o) all of Existing Operator's bank accounts, cash, cash equivalents, securities and accounts receivable (including third party settlements and excluding accounts receivable of the Facility relating to services provided on and after the Closing), prepaid accounts, deposit accounts, deposits, real estate and insurance escrows, inter-company accounts and utility deposits; and

(p) all licenses, permits, approvals and certifications that are not assignable or transferable pursuant to Legal Requirements.

1.3 Conditions to Closing. The obligations of the Parties under this Agreement that are to be performed on the day on which the Closing occurs (the "Closing Date") shall be subject to the following conditions precedent on, and as of, the Closing Date, to the reasonable satisfaction of or the waiver thereof by the party benefitting from such condition, in the absence of which the benefitting party may terminate this Agreement (following written notice to the other party and ten (10) business days to cure such failure):

(a) New Operator shall have received from the appropriate governmental authorities all licenses, certificates, permits and approvals required for the operation of the Facility by New Operator (the "Licenses"), or otherwise shall have confirmed the approval from the appropriate governmental authorities for the issuance of such licenses, certificates, permits and approvals to New Operator upon receipt of evidence of the transfer of the Facility to New Operator;

(b) Owner shall have executed and delivered a termination of the Existing Lease in a form reasonably satisfactory to Existing Operator effective as of the Closing Date;

(c) Existing Operator's representations and warranties contained in this Agreement and any document to be executed and delivered at Closing shall be true and correct in all respects on the Effective Date, as applicable, and all material respects as of the Closing Date with the same force and effect as if made on the Closing Date except that those representations and warranties that contain materiality qualifications and other qualifications based on the word "material" shall be required to be true and correct in all respects and not merely material respects; and

(d) No Material Adverse Change shall have occurred between the Effective Date and the Closing Date with respect to the Facility.

(e) Except with respect to the federal indictment against Mt. Lebanon Operations LLC and certain of its affiliates and the pending proceedings related thereto (the "DOJ Proceeding"), there shall not be any pending or threatened audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement.

(f) There shall not have been imposed against Existing Operator, nor shall have Existing Operator received notice of: (a) any civil monetary penalty ("CMP") or other federal, state or local fine and/or penalty ("Penalty") or (b) any survey deficiency of the severity level of "G" or worse. For the avoidance of doubt, this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to Closing.

(g) The Facility shall not be designated by CMS as a “Special Focus Facility” or placed on the SFF watch list or other list for consideration as an SFF program.

(h) Between the date of this Agreement and the Closing, there shall not have been greater than a five percent (5%) change to the Medicare and Medicaid rates of the Facility.

(i) Census. The seven (7) day average aggregate Census of the Facility and Other Facilities ending ten (10) days prior to the Closing Date shall be no more than seven percent (7%) lower than the aggregate Census of the Facility and Other Facilities as of the date hereof.

(j) All conditions to closing under the Other OTAs in favor of the Other Existing Operators or Other New Operators, as applicable, shall have been satisfied or waived by the applicable party, and the closing under the Other OTAs shall be prepared to occur concurrently with the Closing hereunder.

1.4 Existing Operator’s Deliveries Upon the Closing Date. Existing Operator shall deliver the following to New Operator on the Closing Date:

(a) A bill of sale for the Facility executed by the applicable Existing Operator for the benefit of the applicable New Operator, substantially in the form attached as Exhibit C hereto (the “Bill of Sale”);

(b) An assignment and assumption agreement for the Facility executed by the applicable Existing Operator, substantially in the form attached hereto as Exhibit D (each an “Assignment and Assumption Agreement”);

(c) The Employee Schedule for the Facility including a schedule showing the method of calculation of ETO, certified by an officer of Existing Operator as true, complete and correct in all material respects as of the Payroll Date;

(d) The inventory and supplies included within the Assets, which Existing Operator shall deliver to New Operator by leaving the same at the Facility on the Closing Date;

(e) A certificate executed by an authorized officer of Existing Operator that no Material Adverse Change has occurred between the Effective Date and the Closing Date;

(f) A closing statement setting forth in reasonable detail the financial transactions contemplated by this Agreement, including, without limitation, all prorations, as reasonably approved by Existing Operator and New Operator (the “Closing Statement”);

(g) If requested by Owner, a termination of the Existing Lease with respect to the Facility duly executed by Existing Operator; and

(h) Such other documents as are reasonably requested by New Operator to effectuate the transactions contemplated hereby.

1.5 New Operator’s Deliverables on the Closing Date. New Operator shall deliver the following to Existing Operator on the Closing Date:

(a) The Bill of Sale and the Assignment and Assumption Agreement for the Facility executed by the applicable New Operator; and

(b) The Closing Statement.

SECTION 2 TRANSFER OF OPERATIONS

2.1 Cooperation. The Parties hereto agree to cooperate with each other to effect an orderly transfer of the operation of the Facility on the Closing Date. In furtherance and not in limitation of the foregoing, New Operator and their representatives may request, upon prior notice (which may be by email or telephone) to Existing Operator, to enter the Facility for the purpose of performing due diligence inspections. Upon receipt of such request, Existing Operator shall grant New Operator and their representatives access to the Facility to perform such due diligence inspections at times reasonably agreed upon by the parties to avoid disrupting the applicable Facility, its residents and the Employees.

2.2 Licensure. New Operator shall use commercially reasonable efforts to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date. Existing Operator shall fully cooperate with New Operator to take all actions necessary for New Operator to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date, and, in that regard, Existing Operator agrees, promptly upon request by New Operator, to execute any reasonably necessary documents or notifications required in connection with such efforts. Existing Operator agrees to promptly provide or make available to New Operator, upon request, to the extent such documentation is within Existing Operator's possession or control, any and all existing documentation requested by New Operator necessary for the issuance of the new Licenses. Existing Operator agrees to use commercially reasonable efforts to cooperate with New Operator in obtaining any other approval from a Governmental Entity that is required as a result of the transactions contemplated hereby. In connection with the transfer of the Facility pursuant to the terms of this Agreement, Existing Operator shall, in a timely manner, furnish a letter to any necessary Governmental Entity stating that Existing Operator's licenses will be relinquished contingent upon the issuance of the Licensure to the New Operator. Existing Operator shall otherwise cooperate with New Operator, to the extent reasonably necessary, in order to facilitate the issuance of the new Licensure and shall not voluntarily surrender its license or Medicare provider agreement. Without limiting the foregoing, Existing Operator hereby authorizes New Operator to file an advance notice of the change of ownership of the Facility not less than thirty (30) days prior to the Closing Date, as required under 28 Pa. Code 51.4; 55 Pa. Code 20.58 and 55 Pa. Code 1101.43(b).

2.3 Patient Funds; Advance Payments.

(a) Prior to the Closing Date, Existing Operator shall prepare a Resident Census Report. Within thirty (30) days following the Closing Date, Existing Operator shall update the Resident Census Report to reflect the residents at the Facility as of the Closing Date.

(b) Prior to the Closing Date, Existing Operator shall prepare a true, correct and complete accounting, properly reconciled, of any Resident Trust Funds then held by Existing Operator for residents at the Facility. On the Closing Date, Existing Operator shall transfer the Resident Trust Funds to bank accounts designated by New Operator, and New Operator shall, in writing, acknowledge receipt of and expressly assume all of Existing Operator's financial and custodial obligations with respect thereto, it being the intent and purpose of this provision that, upon such transfer, Existing Operator will be relieved of all fiduciary and custodial obligation with respect to such Resident Trust Funds and that New Operator will assume all such obligations and be directly accountable to the residents with respect thereto. Within thirty (30) days following the Closing Date, Existing Operator shall update such accounting, properly reconciled, as of the Closing Date. The provisions of this Section 2.3(b) shall survive the Closing.

2.4 Employees.

(a) At a time mutually agreed to by Existing Operator and New Operator (but in no event earlier than fifteen (15) days prior to the Closing Date), New Operator shall notify the individuals employed by Existing Operator or any of their affiliates at the Facility (collectively, the “Employees”, which shall not include any employee of Existing Operator or their affiliates who is employed both to the Facility and any other facilities or operations not included in the Facility) of the transactions contemplated in this Agreement (the “Employee Notification”). Prior to the Employee Notification, New Operator shall not meet or talk to any Employees except as specifically agreed to by Existing Operator in its sole discretion. Following the Employee Notification, New Operator shall be entitled to meet and talk to the Employees at times reasonably agreed upon by the Parties to avoid disrupting the Facility, the residents and the Employees.

(b) Concurrently with the delivery of the Employee Notification, Existing Operator shall notify the Employees employed by Existing Operator or their affiliates that Existing Operator will terminate their employment as of 11:59 p.m. Eastern Time on the day prior to the Closing Date. In New Operator’s sole discretion, New Operator may offer full-time and part-time Employees at the Facility employment with New Operator with the types of benefits offered in New Operator’s sole discretion. Those individuals who receive and accept an offer of employment are referred to herein as the “Transitioned Employees”. Notwithstanding the foregoing, New Operator shall not be obligated to hire any Employee not approved by New Operator, including, without limitation, any Employee who does not meet New Operator’s current standards for employment. Existing Operator shall take such action as required by law necessary for Existing Operator to maintain all liability for non-Transitioned Employees’ health benefits under the Consolidated Omnibus Budget Reconciliation Act.

(c) Notwithstanding the foregoing, New Operator shall offer employment to such number of the Employees, and upon such terms and conditions of employment, so as not to constitute a mass layoff or a plant closing under the Worker Adjustment and Retraining Notification (“WARN”) Act, 29 U.S.C. § 2101 et seq. The Parties do not anticipate that there will be any major employment losses as a consequence of the transactions contemplated by this Agreement that might trigger obligations under the WARN Act, or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as “WARN Obligations”). To the extent that any WARN Obligations might arise with respect to the Employees at the Facility solely as a consequence of the applicable New Operator’s failure to continue employment of a minimum number of Employees of the applicable Existing Operator that results in an employment loss (as defined in the WARN Act) within the applicable window under the WARN Act, such New Operator shall be responsible for any WARN liabilities, losses, or claims arising from such New Operator’s failure to continue to employ the requisite number of Employees as required under the WARN Act. The terms and provisions of this Section 2.4(c) shall survive the Closing.

(d) As soon as practicable following the most recent payroll date after the date hereof and again as soon as practicable following the most recent payroll date prior to Closing (each, a “Payroll Date”), Existing Operator shall deliver to New Operator a schedule (the “Employee Schedule”) setting forth: (1) the name of each of the Employees, (2) the Facility at which they are employed, (3) their positions and rates of pay and all applicable Existing Operator sponsored health benefits plans that each Employee participates in, and (4) Existing Operator’s liability for the Employees’ awarded and unused vacation time as of the Payroll Date, calculated in accordance with Existing Operator’s policies and as required by law (“ETO”). The Employee Schedule shall be updated as of the Closing Date and then attached hereto as Schedule 2.4(e).

(e) At least ten (10) days prior to the Closing Date, New Operator may elect, in its sole discretion, to assume the liability for the ETO of the Transitioned Employees (such elected amount, the “Assumed ETO”). In the event New Operator elect to assume the liability for the Assumed ETO of Transitioned Employees, (i) upon receipt of the payment from Existing Operator, New Operator shall be

responsible for the Assumed ETO of all Transitioned Employees on and after the Closing Date, and (ii) Existing Operator shall pay to New Operator on the Closing Date seventy percent (70%) of the amount of such Assumed ETO. In the event that New Operator elect not to assume the liability for the Assumed ETO, Existing Operator shall pay to each Employee of the Facility, including the Transitioned Employees, on or prior to the first payroll date following the Closing Date, the ETO payable to such Employees in accordance with Existing Operator's employment policies and applicable law. Existing Operator shall be responsible for paying or providing all applicable Employees with all other benefits to be provided to such Employees for all periods prior to the Closing Date.

(f) Intentionally Omitted.

(g) Existing Operator shall remain liable for all group health plan continuation coverage pursuant to the requirements of Section 601, et seq. of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder, as in effect from time to time, and Section 4980B of the Code ("COBRA"), for all Employees who are not Transitioned Employees as it may be required under applicable law. Existing Operator acknowledges and agrees that New Operator is not assuming any of Existing Operator's obligations to such Employees and/or qualified beneficiaries under COBRA or otherwise, except as specifically provided in this Agreement. New Operator shall be liable for all group health plan continuation coverage pursuant to the requirements of COBRA, for all Transitioned Employees who are subsequently terminated by New Operator after the Closing Date.

(h) Nothing in this Agreement shall create any rights in favor of any person not a party hereto, including the Employees, or constitute an employment agreement or condition of employment for any employee of Existing Operator or the New Operator or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by New Operator of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and the New Operator shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of any Existing Operator or its Affiliates.

(i) Concurrently with the delivery of the Employee Notification, Existing Operator shall deliver notices of the operations transfer contemplated herein (in forms reasonably acceptable to New Operator) to residents and responsible parties, referral sources and vendors.

2.5 Accounts Receivable.

(a) New Operator shall assume responsibility for the billing for and collection of payments on account of services rendered by it at the Facility on and after the Closing Date. Existing Operator shall retain all rights in and title to accounts receivable for services rendered at the Facility prior to the Closing Date (the "Existing Operator's Accounts Receivable") and shall retain full responsibility for the collection thereof. Existing Operator's Accounts Receivable shall include all amounts due to Existing Operator, whether billed or unbilled, prior to the Closing Date, for all services and ancillary services or products provided to any current or former residents at the Facility by Existing Operator prior to the Closing Date and any accounts receivable arising from the rate adjustments which relate to periods prior to the Closing Date even if such adjustments occur after the Closing Date.

(b) All private pay or third party payor payments that designate the dates of service or other identifying data on the remittance received by New Operator from and after the Closing Date shall relate to the period prior to the Closing Date or after the Closing Date, as the case may be, in connection with the account of the resident of the Facility for whom the payment is made in accordance with the dates of service or other identifying data indicated on the remittance, and the applicable New Operator shall remit to the applicable Existing Operator any payment received by such New Operator that applies to Existing

Operator's Accounts Receivable, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by New Operator; provided, however, in the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and within sixty (60) days after the Closing Date, such payment will be first applied to the applicable Existing Operator's Accounts Receivable if properly and fully identified to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' ancillary charges for the month immediately preceding the Closing Date, with any excess to the applicable New Operator. In the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and subsequent to the sixtieth (60th) day following the Closing Date, such payment will be applied to the applicable New Operator's accounts receivable, unless the applicable Existing Operator properly and fully identified such payment to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' and patients' ancillary charges for the month immediately preceding the Closing Date. Notwithstanding anything contained herein to the contrary, advance payments received from private pay residents and patients billed by New Operator shall be retained by New Operator; provided such payments are for services received after the Closing Date. All private pay or third party payor payments received by Existing Operator that designate the dates of service or other identifying data on the remittance from and after the Closing Date shall be remitted by Existing Operator to New Operator, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by Existing Operator.

(c) In addition, the applicable New Operator shall remit to the Existing Operator any repayment or reimbursement received by New Operator arising out of cost reports filed for the cost reporting period ending prior to the Closing Date. Such remittances shall be made on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by New Operator. Each Existing Operator agrees that any payment, whether received by New Operator from private pay residents and patients or as repayment or reimbursement arising out of cost reports, that pertain to services provided in the period commencing from and after the Closing Date shall be remitted by such Existing Operator to the applicable New Operator on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by such Existing Operator.

(d) To the extent any Party receives any proceeds from the accounts receivable of the other Party, the Parties acknowledge that the Party receiving the payment belonging to the other Party shall hold the payment in trust. No Party shall have any right to offset with respect to such accounts receivable, and the Party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by the remitting party. For a period of six (6) months following the Closing Date, Existing Operator and New Operator shall provide each other with an accounting by the twentieth (20th) day of each month setting forth all amounts received by either of them during the preceding month with respect to accounts receivable. Nothing herein shall be deemed to limit in any way either party's rights and remedies to recover accounts receivable due and owing to it under the terms of this Agreement.

2.6 Payment of Operating Costs, Prorations and Deposits.

(a) Except as otherwise expressly provided herein, Existing Operator shall be responsible for, and shall pay on a timely basis, claims or charges which are owed to third parties arising from Existing

Operator's use, operation or control of the Facility, including bed taxes, payroll, taxes (including real estate taxes and assessments), insurance premiums, utilities, including water, fuel, gas, oil, heat, electricity and other utilities, operating charges, prepaid service contracts, amounts due under executory obligations, amounts due to any third party vendors, including amounts due under any Operating Agreements, and similar obligations for all periods prior to the Closing Date.

(b) New Operator, to the extent they utilize the services provided by third parties, shall be responsible for, and shall pay on a timely basis, any claims or charges which are due to such third parties arising from the use, operation or control of the Facility from and after the Closing Date.

(c) Revenues and expenses pertaining to utility charges for the billing period in which the Closing takes place, prepaid expenses and like items of revenue or expense attributable to the Facility shall be prorated between Existing Operator and New Operator as of the Closing Date. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to Existing Operator. In general, such prorations shall be made so as to reimburse Existing Operator for actual prepaid expense items, and to charge Existing Operator for prepaid revenue items, to the extent that the same are attributable to periods after the Closing Date.

(d) To the extent any third party utility provider delivers final readings as of the Closing Date, Existing Operator shall be responsible for paying such final invoice amount, which shall be reflected in the Closing Statement as a debit to Existing Operator. Utility charges that are not metered and read on the Closing Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

(e) On the Closing Date, Existing Operator shall remove from the Facility any petty cash and any other funds maintained at or for the Facility immediately prior to the Closing Date, other than Resident Trust Funds, which shall be handled in the manner set forth in Section 2.3.

2.7 Future Settlement. All amounts owing from one party hereto to the other party hereto, excluding amounts in respect of Section 2.3 hereof, that require adjustment after the Closing Date, including without limitation, adjustments to the amount of Assumed ETO paid to New Operator under Section 2.4 hereof and prorations or re-prorations of any claims or charges according to Section 2.6 regardless of whether such claims or charges are included in the Closing Statement, shall be settled within three (3) months after the Closing Date. If, thereafter, a party hereto determines that any further adjustment is to be made, such party shall submit a statement to the owing party setting forth any and all such items and the calculation of the amounts due hereunder. Such statement shall be submitted with appropriate backup materials. If amounts are owing from New Operator to Existing Operator, New Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to Existing Operator or to question or dispute in writing any item thereon. If amounts are determined to be owing from Existing Operator to New Operator, Existing Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to New Operator or to question or dispute in writing any item thereon.

2.8 Medicare, Medicaid and other Third Party Payors.

(a) As of the Closing Date, each applicable New Operator shall assume any and all of each applicable Existing Operator's rights and interests in and to such Existing Operator's Medicare provider numbers and Medicare provider reimbursement agreement, and the applicable New Operator shall secure Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names. Each Existing Operator and each New Operator acknowledges and agrees that New Operator are not expected to have received their "tie in" notices from the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services with respect to such Existing Operator's Medicare provider

agreement or a new Medicare provider agreement as of the Closing Date. Prior to New Operator's receipt of their tie in notices and provider agreements, Existing Operator agrees that New Operator shall be permitted to bill for services performed following the Closing under Existing Operator's Medicare and Medicaid provider numbers, to the extent permitted by applicable law. For any period during which New Operator are billing for services performed following the Closing under Existing Operator's Medicare or Medicaid provider numbers, New Operator shall be responsible for and shall pay directly to the applicable Medicare or Medicaid providers, fiscal intermediaries or other governmental or non-governmental authorities any and all costs associated with New Operator's use of such Medicare or Medicaid provider numbers, including, without limitation, any provider taxes associated therewith. Each Existing Operator agrees to cooperate with the applicable New Operator in the assignment of such Existing Operator's Medicare provider agreements to New Operator and the issuance of a new Medicaid provider agreement to New Operator, including completing those portions of Form 855A which confirm the change of ownership of the applicable Facility and the assignment by such Existing Operator of such Existing Operator's Medicare provider agreements to the applicable New Operator and providing to New Operator or any Governmental Entity any information requested to effect the transfer of such Existing Operator's Medicare provider numbers or the issuance to the applicable New Operator of a new Medicaid provider number and Medicaid provider reimbursement agreement. New Operator expressly does not assume, and the assumption by New Operator of each Existing Operator's Medicare provider agreements shall not be construed to impose upon New Operator, any obligations under such Existing Operator's Medicare or Medicaid provider agreements arising with respect to occurrences during the period before the Closing Date.

(b) Nothing set forth herein shall be deemed to limit in any way (i) Existing Operator's right, title, and interest in their cash and accounts receivable for services rendered prior to the Closing Date, which cash and accounts receivable are property of Existing Operator and shall be reimbursed or retained, as applicable, in accordance herewith, and (ii) Existing Operator's ability to complete any remaining billing for services rendered prior to the Closing Date under Existing Operator's Medicare and Medicaid provider numbers. To the extent permitted by such contracts and Legal Requirements, New Operator agrees that (i) following receipt by each New Operator of its "tie in" notice with respect to the applicable Existing Operator's Medicare provider agreement, such Existing Operator may continue to bill under such Medicare provider agreement for services rendered prior to the Closing Date, and (ii) the applicable Existing Operator may file for reimbursable bad debt on the applicable New Operator's Medicare cost report for the first cost report year following the Closing Date.

(c) Existing Operator and New Operator understand that reimbursements from Medicare or Medicaid for items/services provided/rendered after the Closing Date may continue to be issued to Existing Operator for a period of time. If and to the extent they include payment for periods on and after the Closing Date and New Operator is entitled to such payments in accordance with the priority for such remittances as set forth in Section 2.5(b) of this Agreement, Existing Operator shall forward all such Medicare or Medicaid reimbursements in accordance with Section 2.5(b) to the accounts designated in writing by New Operator to Existing Operator until such time as reimbursements are remitted directly to New Operator by Medicare and Medicaid. New Operator, in their reasonable discretion, may approve an alternative method of receiving such funds. Existing Operator shall, or shall cause the applicable affiliates of Existing Operator to, prepare and file with the appropriate governmental authorities final cost reports for the Facility within the time frame required by law.

(d) From and after the Closing Date until any Medicaid managed care provider plans are updated with New Operator's provider information, New Operator agrees that they shall not bill for services provided on and after the Closing Date under Existing Operator's Medicaid managed care provider plans

using Existing Operator's provider information. With respect to any commercial managed care provider plans, New Operator acknowledge and agree that they will obtain their own commercial managed care provider plans and shall not be permitted to bill under Existing Operator's commercial managed care provider plans. Prior to the Closing, Existing Operator agrees to provide New Operator with contact information for all appropriate points of contact for all managed care and HMO third party payors of the Facility so that New Operator can discuss obtaining its own managed care and HMO contracts with respect to such third party payors.

2.9 Facility Records. As of the Closing Date, Existing Operator shall provide the Facility Records to New Operator by leaving all such Facility Records at the Facility, provided, however, that Existing Operator shall be entitled to keep such copies of all Facility Records as they may deem necessary and as permitted by law. New Operator will maintain the Facility Records, to the extent required by law. New Operator shall allow Existing Operator and its affiliates, agents and representatives, at Existing Operator's sole cost and expense, to have reasonable access during regular business hours upon reasonable prior written notice and to make copies of, the Facility Records, to the extent reasonably necessary to enable Existing Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Existing Operator, and to perform similar matters. From and after the Closing Date, New Operator shall be solely responsible for caring for the residents of the Facility in accordance with their contractual rights and in accordance with law. New Operator shall preserve the existence and maintain the confidentiality of the resident records transferred to New Operator pursuant to this Agreement in accordance with federal and state law.

2.10 Deposits. All deposits, if any, held by a utility or other party to an executory contract shall remain the property of Existing Operator, and New Operator shall be required to post their own replacement security deposits, including, but not limited to, any security deposits required under any Assumed Facility Agreements.

2.11 Compliance with Laws. The Parties shall comply in all material respects with all Legal Requirements, and with all applicable rules and regulations of all governmental authorities, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

2.12 Accounts Payable. New Operator agrees to assume all accounts payable for supplies and other goods or equipment ordered under any Assumed Facility Agreement and any supplies ordered in the ordinary course of business and received at the Facility on and subsequent to the Closing Date, and for services ordered under any Assumed Facility Agreement or in the ordinary course of business and rendered and performed on and subsequent to the Closing Date. Existing Operator shall be responsible for all other accounts payable for the period prior to the Closing Date.

2.13 Inspections and Surveys.

(a) Existing Operator shall be responsible for the payment of all fines and penalties imposed by any Governmental Entity which fines and penalties arise in connection with any regulatory investigations, inspections or surveys occurring either prior to or on and after the Closing Date and which are related to events that occurred at or operations of the Facility prior to the Closing Date. New Operator shall be responsible for the payment of all fines and penalties imposed by Governmental Entities which fines and penalties arise in connection with any regulatory inspections or surveys on or after the Closing Date and which are related to the operations of the Facility on or after the Closing Date. Existing Operator shall assist, as appropriate, New Operator in establishing any plans of correction or other responses to be submitted by New Operator after the Closing Date for surveys or inspections that relate to events or circumstances occurring both prior to and on or after the Closing Date within the time allowed for such submissions; however, New Operator's determination as to such plan of correction or other submission shall

be controlling, and New Operator shall be responsible for and bear all costs and expenses (including fines for any delays in submission) as a result of implementing such plan of correction or other submission. Other than fines and penalties related specifically to incidents that occurred prior to the Closing Date, in no event shall Existing Operator be responsible for any fines, penalties or other costs or expenses related to any regulatory inspections or surveys on or after the Closing Date that relate to a physical condition or operational practice at the Facility that existed both prior to and on or after the Closing Date and of which New Operator intentionally fails to cure; provided that the foregoing shall not limit any representation, warranty or covenant of Existing Operator hereunder.

(b) Existing Operator shall provide to New Operator, promptly after receipt of the same, any survey reports, waivers of deficiencies, plans of correction or any other investigation reports issued with respect to the Facility between the Effective Date and the Closing Date and received by Existing Operator. Existing Operator shall notify New Operator immediately upon the occurrence of any survey or investigation of the Facility, regardless of whether the applicable Governmental Entity has issued a formal report or finding (such notice may be done verbally by telephone if promptly followed by written notification).

2.14 Operating Agreements.

(a) With respect to the Resident Agreements, as of the Closing Date, Existing Operator shall assign to New Operator, and New Operator shall accept assignment of the Resident Agreements subject to the representation and warranty of Existing Operator that none of such Residency Agreements (i) deviate in any material respect from the standard form of resident agreement used by Existing Operator at the Facility, (ii) entitle any private pay resident to care at no cost, nor (iii) entitle any resident to care for a reduced cost from that charged to other private pay residents of the Facility, other than discounts that may be offered to a resident in the ordinary course of business.

(b) Set forth on Schedule 2.14(b) is a true, complete, and correct schedule of all written contracts, leases, subleases, agreements, commitments and other arrangements, and any amendments or modifications thereof, used or useful exclusively in the operation of the Facility (collectively, the "Facility Agreements") as of the Effective Date (it being understood and agreed that Existing Operator will use their commercially reasonable efforts to ensure such list is true, complete and correct and that such list shall not include any national contracts entered into by any Existing Operator or any affiliate of Existing Operator that relate both to the Facility and any other facilities or operations not included in the Facility (collectively, the "National Contracts")). Existing Operator shall not assign and New Operator shall not assume any of the Facility Agreements. On or before the date that is thirty (30) days prior to the Closing Date, New Operator will provide Existing Operator with a list of the Assumable Contracts, if any, that the New Operator desire to assume as of the Closing Date; provided that New Operator's failure to deliver such list within such time period shall be deemed as an election by New Operator not to assume any Assumable Contracts. Any such Assumable Contracts that New Operator desire to assume shall be referred to herein as "Assumed Facility Agreements". All Facility Agreements that are (i) not Assumed Facility Agreements or (ii) which are not assignable by their terms and accordingly cannot be included in the Assumed Facility Agreements or (iii) which are designated by New Operator as Assumed Facility Agreements but for which consent to assign cannot be obtained by Existing Operator by Closing shall be deemed "Rejected Facility Agreements".

(c) With respect to the Assumed Facility Agreements, as of the Closing Date:

(i) The same shall be assigned to, and assumed by, New Operator pursuant to the Assignment and Assumption Agreements.

(ii) If required by the applicable Assumed Facility Agreement, the other party (i.e. vendor, etc.) shall, utilizing a form reasonably acceptable to Existing Operator and New Operator, be notified by Existing Operator that the applicable Assumed Facility Agreement is being assigned to, and assumed by, New Operator. Such assumption shall not be deemed to make New Operator liable for any obligations related to the Assumed Facility Agreement prior to the Closing Date.

(iii) Existing Operator shall use commercially reasonable efforts to obtain the consent of the vendors of each Assumed Facility Agreement that requires consent to assignment and shall provide New Operator with periodic status reports with respect thereto.

(d) With respect to any Facility Agreement that is not assignable or for which the other party's (i.e. lessor, etc.) consent to assign is required but cannot be obtained, the other party (i.e. vendor, etc.) shall be notified by Existing Operator that such Facility Agreement shall be terminated as of the Closing and that any liability which has accrued prior to the Closing remains the sole responsibility of Existing Operator and that none of the Facility or New Operator are liable for payment or performance on account thereof. Existing Operator shall be liable for all penalties and fees associated with such terminations.

(e) Intentionally Omitted.

(f) Upon written request from New Operator prior to Closing, Existing Operator agrees that they shall continue, for a period of sixty (60) days following the Closing Date, as the named parties on the following Facility Agreements to the extent such Facility Agreements are Rejected Facility Agreements:

- (i) Any telephone service agreements;
- (ii) Any data or voice circuit agreements; and
- (iii) Any cable or satellite television contracts.

Such Facility Agreements shall continue following the Closing Date in a manner and at levels consistent with how such services were provided to the Facility immediately prior to the Closing Date. In the event New Operator elect to have such Facility Agreements continue following the Closing Date, New Operator shall pay Existing Operator at Closing an amount equal to the "prevailing rate" (as defined herein) for such sixty (60) day period for the service to be provided to New Operator, which amount shall be subject to adjustment after the Closing Date in accordance with Section 2.8 based on actual charges incurred by Existing Operator for such services with respect to such sixty (60) day period. For purposes hereof, the term "prevailing rate" means the then current rate charged to Existing Operator by the provider of such utilities, including any applicable taxes and other charges. New Operator shall use its best efforts to obtain these services directly from the current service provider or another service provider prior to the end of the 60-day term, and Existing Operator shall have the right to terminate any applicable Facility Agreements following the end of such 60-day term.

2.15 Remittances, Mail and Other Communications. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by Existing Operator or their affiliates at any time after the Closing Date relating to periods of operations on and after the Closing Date shall be promptly turned over to New Operator. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by New Operator or their affiliates at any time after the Closing Date relating to periods of operations prior to the Closing Date shall be promptly turned over to Existing Operator.

2.16 Obligations of New Operator. Any obligation this Agreement imposed upon New Operator shall not preclude New Operator from also imposing that obligation upon, or implementing that obligation through a management company; provided, however, that it is expressly understood and agreed that nothing contained in this sentence shall relieve New Operator from their liability for such obligations under this Agreement.

2.17 Excluded Liabilities. Except as specifically and unambiguously provided for in this Agreement, New Operator shall not assume any liabilities or obligations of Existing Operator whatsoever, fixed or contingent, whether known or unknown, including, without limitation, any liabilities or obligations related to or arising from Existing Operator's operation of the Facility prior to the Closing Date (collectively, the "Excluded Liabilities"). Existing Operator acknowledge that Existing Operator are retaining, and shall be liable for all of the Excluded Liabilities, which Existing Operator will pay, discharge and perform, as applicable, in the ordinary course of business. Existing Operator shall retain all of its liabilities and obligations of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of or by reason of the ownership or operation of the Assets, the Facility and/or the Business prior to the Closing Date. Except to the extent expressly and unambiguously expressed herein to the contrary, New Operator is not the successor to liability of Existing Operator and is not herein assuming any liability or detriment from, arising from, out of, or relating to, Transferor's ownership of the Assets, the Facility or any activity of Existing Operator prior to the Closing Date or conduct of Existing Operator after the Closing Date. Transferee does not and shall not assume any payable of Existing Operator, governmental claim or charge, liability of any governmental claim or charge, liability for any general liability, malpractice, professional liability, resident rights violations, or violation of employee rights or contracts, whether such claims arise in Law, equity, in tort, contract, from statute, common law, or from any other source or precedent. Existing Operator shall retain all of the foregoing liabilities and obligations (the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Existing Operator shall retain and New Operator shall not assume, (i) any Medicaid and/or Medicare liabilities for the period prior to the Closing, all of which Existing Operator agrees to satisfy in full as and when due; (ii) accrued expenses which were incurred in the ordinary course of business of the Facility; (iii) any indebtedness of Existing Operator; (iv) Liens affecting the Assets; (v) any liability or obligation of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Facility prior to the Closing; (vi) any violation of the Worker Adjustment and Retraining Notification Act or similar laws (the "WARN Act") with respect to the operation of the Facility as a result of the consummation of the transactions contemplated by this Agreement; (vii) any liability with respect to the employees or former employees, or both; (viii) any liabilities of Existing Operator that relate to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment for periods relating prior to the Closing Date; (ix) any RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement; (x) any liability or obligation for any funds received from the Medicare Accelerated and Advance Payment Program or any Payroll Protection Program Loans or any state equivalent and/or stimulus money received by the Facility and/or Existing Operator from the state and/or federal government or any other source and/or any Department of Health and Human Services stimulus monies; (xi) any and all cost, expense, loss and/or liability in connection with the DOJ Proceeding and/or DOL Proceeding (as defined in Section 4.4) or the results thereof; and/or (xii) any liability or obligation

of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Excluded Assets.

2.18 Computer Systems. Prior to the Closing Date, the parties will work cooperatively to develop a plan to put New Operator's operating systems in place at the Facility in order to insure orderly transition of the operations at the Facility, and each Party will use its commercially reasonable efforts to coordinate logistics relating to the implementation of New Operator's operating systems at the Facility.

2.19 Intentionally Omitted.

2.20 Intentionally Omitted.

2.21 Interim Operations. Between the Effective Date and the Closing Date, Existing Operator shall operate the Facility in the ordinary course of business and in materially the same manner as it has heretofore operated the Facility. Without limiting the generality of the preceding sentence, Existing Operator shall not: (i) sell, transfer or otherwise dispose of any furniture, fixtures or equipment constituting Assets from the Facility except in the ordinary course of business consistent with the prior practices of Existing Operator, in which event, Existing Operator shall replace the same with similar property of materially equal quality, value and usefulness (except with respect to disposed property that has no useful value); (ii) transfer residents from the Facility to a nursing facility owned, operated or managed by Existing Operator or any of its Affiliates, where such transfer is not in the ordinary course of business and not (a) for reasons relating to the health and well-being of the resident transferred, (b) for the election to transfer by the resident or his or her family or attorney-in-fact, or (c) otherwise required by applicable Legal Requirements, (iii) maintain all existing policies of insurance (or comparable policies) of or relating to the Assets and the Facility in full force and effect; (iv) use its commercially reasonable efforts to preserve Existing Operator's existing relationships with suppliers, distributors, customers and others having business relations with Existing Operator such that the Facility will not be impaired; (v) refrain from delaying such repair and/or replacement as a result of the pending transfer; (vi) use its commercially reasonable efforts to keep available the services of the present officers and employees of Existing Operator involved in the day to day operation of the Facility; (vii) use its commercially reasonable efforts to maintain the quality of care provided to residents; (viii) replace inventory, supplies and equipment consistent with past practice; (ix) market, invoice and collect revenue consistent with past practice; (x) use its commercially reasonable efforts to maintain resident census and not permit a drop in census or case mix which would materially impact the Facility revenue; (xi) avoid immediate jeopardy violations, maintain provider agreements without suspension, qualification or limitation or revocation, and avoid what is commonly known as a "ban on admission" or imposition of civil money penalties or the providing of substandard care; and (xii) otherwise operate the Facility so as not to cause a breach of any covenant or warranty contained in this OTA.

SECTION 3 TIME OF CLOSING

The Closing Date shall occur on the first (1st) day of the month following the date on which the Pennsylvania Department of Health ("Pa. DOH") and/or the Pennsylvania Department of Human Services ("Pa. DHS" and, collectively, the "Department") issues written approval for the issuance of the operating Licenses to New Operator for operation of the Facility and the conditions set forth in Section 1.3 are

satisfied. Notwithstanding anything to the contrary contained herein, if the Closing has not occurred by April 1, 2024 (the "Outside Date"), then this Agreement shall automatically terminate at 11:59 p.m. ET on the Outside Date, in which event neither Party shall have any further right or obligation under this Agreement except for those obligations that survive such termination as expressly set forth herein.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF EXISTING OPERATOR

Existing Operator hereby represent and warrant as follows to New Operator:

4.1 Authority, Validity and Binding Effect. Each Existing Operator has all necessary limited liability company power and authority to carry on its business as it is now being conducted. Each Existing Operator is duly organized and in good standing under the laws of the Commonwealth of Pennsylvania. Each Existing Operator is authorized to do business in the Commonwealth of Pennsylvania. Each Existing Operator has all necessary limited liability company power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individuals executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Existing Operator and is enforceable against Existing Operator in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, moratorium, liquidation, reorganization or other similar laws affecting the enforcement of creditors' rights in general.

4.2 No Defaults. The execution and delivery of this Agreement and any documents contemplated hereby by Existing Operator, and the performance of their obligations hereunder, do not and will not:

(a) conflict with or result in any material breach of the provisions of, or constitute a default under the certificate of formation or limited liability company agreement of any Existing Operator;

(b) violate any material restriction to which any Existing Operator is subject or, without the giving of notice, passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any material license, authorization, permit, or other material agreement or instrument to which any Existing Operator is a party, which will not be satisfied or terminated with respect to the Facility prior to the Closing Date as a result of the transactions contemplated by this Agreement or result in the termination of any such instrument or termination of any provisions in such instruments that will result in the impairment of any of Existing Operator's rights under such instruments; and

(c) constitute a violation of any applicable material resolution, rule, regulation, law, statute or ordinance of any Governmental Entity, or any judgment, decree, writ, injunction or order of any court to which Existing Operator is subject or by which their assets are bound, or any credit agreement or other financing arrangement to which any Existing Operator is a party.

4.3 License and Governmental Permits.

(a) The Facility is a duly licensed skilled nursing Facility pursuant to a current unrestricted and unconditional license for the 120 skilled nursing beds and, has current provider agreements under Titles XVIII and XIX of the Social Security Act (the "Medicaid/Medicare Programs") for reimbursement of long term nursing care. All rights, properties and assets required by PADOH or CMS for the operation of the Facility is either owned by Existing Operator or licensed or leased to Existing Operator and are included in the assets

being transferred under this Agreement. The Existing Operator is currently established and licensed by PADOH to operate the Facility pursuant to the Laws of the State of Pennsylvania. The Facility participates as a provider in the Medicaid/Medicare Programs pursuant to current Medicare and Medicaid provider agreements and the Existing Operator is in compliance with all requirements for participation in the Medicaid/Medicare Programs. Existing Operator has neither received written notice nor has actual knowledge of any action threatened or recommended by any state or federal agency to terminate, suspend, qualify, or limit the participation of the Facility in the Medicaid/Medicare Programs. Existing Operator and the Facility have all licenses, certifications, certificates of need, governmental licenses or other licenses (including, without limitation, a valid certificate of occupancy for the Facility allowing the operation of a skilled nursing facility), waivers, permits and other authorizations required to be maintained by Existing Operator for the legal use occupancy and operation of the Facility ("**Permits**"), from appropriate federal, state and/or local agencies which are material to the operation of the Facility, all of which are now and as of the Closing shall be in good standing and in full force and effect or acceptable to New Operator. Existing Operator owns and/or possess, and hold free from restrictions or conflicts with the rights of others, all Permits and has operated the Facility in such a manner that the Permits remain in full force and effect. Existing Operator has no actual knowledge of any facts relating to the Facility that would preclude or limit New Operator from operating the Facility and using all the beds of the Facility as they are currently licensed for the purpose for which they are licensed.

(b) Except as set forth on Exhibit 4.3(b) there are no enforcement actions pending and/or threatened against the Facility and/or Existing Operator due to non-compliance with a condition of participation or repeat deficiencies under State licensing laws and Existing Operator has received no written notification that Existing Operator, the Facility or any of its practices pertaining to the Facility is in violation of any permit or any Law, rule, regulation or order. Existing Operator has not has any deficiencies on its most recent survey (standard or complaint) that would result in a denial of payment for new admissions, nor been cited with any substandard quality of care deficiency (as that term is defined in Part 488 of 42 C.F.R.) on its most recent survey.

(c) Existing Operator does not have knowledge and has not received written notice of any violations of the Life Safety Code, fire, building and other applicable codes, ordinances, rules, regulations and current zoning requirements that have not been cured or for which Existing Operator has not received a waiver from PADOH.

(d) Each Permit with respect to the Facility (i) has not been (A) transferred to any location other than the Facility or (B) pledged as collateral security, (ii) is and will continue after the Closing to be held free from restrictions or known conflicts that would materially impair the use or operation of such Facility as intended, and (iii) is not provisional, probationary, or restricted in any way, except in instances where a Governmental Entity has issued a provisional, probationary or restricted license, permit or certification in the ordinary course pending issuance of a final license, permit or certification.

4.4 Litigation, Etc. Except for the DOJ Proceeding, the DOL Proceeding (as defined below) or as otherwise disclosed on Schedule 4.4 attached hereto, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) by or before any Governmental Entity pending against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation pending with respect to the Existing Operator, the Facility or the business of the Facility. Except as disclosed on Schedule 4.4 attached hereto and resident claims that are covered under Existing Operator's liability insurance, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) threatened against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation, threatened with respect to the Existing Operator, the Facility or the business of the Facility. Existing Operator is not a party to or subject to or in material default under any contract, lease or other agreement, judgment, order or decree of any Governmental Entity, or any settlement agreement that pertains to the Facility or suffered any damage, destruction or loss which, in any case or in the aggregate, has had or likely will have a materially adverse effect on the assets of Existing Operator or the Facility. Notwithstanding anything to the contrary contained herein, Existing Operator has informed New Operator of the pending litigation by the United States Department of Labor against the Existing Operator and certain Affiliates of Existing Operator filed in the U.S. District Court for the Western District of Pennsylvania, Civil Action No. 2:18-cv-01608-WSS (the "DOL Proceeding").

4.5 Occupancy. No persons (other than Existing Operator and the residents of the Facility) have a right to use or occupy any portion of the Facility.

4.6 Title.

(a) Existing Operator has good and marketable title to the Assets and Existing Operator is the true and lawful owner of, and owns all right, title and interest in and to, all of the Assets, free and clear of all pledges, mortgages, liens, charges, security interests, encumbrances, restrictions, lease, license, easement, liability or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, except those imperfections of title and encumbrances, if any, which, individually or in the aggregate, do not interfere with the continued or efficient use of the Assets in the conduct of the operations of the Facility as a skilled nursing facility with 120 beds. Upon the sale of the Assets to New Operator pursuant to this Agreement, (a) all right, title and interest in and to all of such Assets, free and clear of all Liens, will pass to New Operator on the Closing Date and (b) all of the Assumed Contracts and assignable Permits included in the Assets shall be validly assigned to New Operator and, except to the extent thereafter amended by New Operator, New Operator shall have all of the rights and privileges thereunder after the Closing Date to the same extent as though New Operator were the original party thereto. No person or entity has any right to assert any Lien in any amount against any of the Assets.

(b) Existing Operator has not received any notice or has actual knowledge that the Facility is unsuitable for its intended purpose.

4.7 Condition of Assets. Except in the ordinary course of business and consistent with past practices, and then only in the event the same is replaced, nothing individually or in the aggregate comprising a material portion of the assets shall be sold, transferred, leased to others or wasted and Existing Operator shall not otherwise dispose of any assets or anything constituting a portion of the assets, or cancel or compromise any debt or claim, or waive or release any right of substantial value constituting a part of or relating to all or any material part of the Assets. There are at the Facility a number of beds equal to the maximum bed capacity as permitted under the Facility license. To Existing Operator's knowledge, for each such bed, there also exist the minimum furnishings, fixtures and other accessories required by PADOH and all state, local or federal laws or regulations applicable to the Facility. There is a sprinkler system at the Facility and, except as disclosed on Schedule 4.7 hereto, to Existing Operator's knowledge, the sprinkler system is in full operational compliance with all applicable requirements.

4.8 Taxes. Except as disclosed on Exhibit 4.9, there are no unpaid taxes or assessments that are or could become a Lien on any of the Assets. Existing Operator has withheld all federal, state, and local taxes that are required to have been withheld from wages of employees of Existing Operator and has paid over all such taxes in accordance with applicable statutory provisions. Existing Operator has paid when due all sales, excise, property, unemployment, or other taxes required to be paid and timely filed all returns required to be filed with respect thereto. Such returns are true, correct, and complete. Existing Operator shall timely file all tax returns relating to the Facility prior to the Closing Date and timely pay all such taxes when and as due, to the extent payment is not required sooner hereunder.

4.9 Benefit Plans. Except as otherwise set forth in Exhibit 4.10:

(a) Existing Operator does not currently sponsor, maintain or participate in or is required to contribute to or accrue a benefit for any employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), any multiemployer plan ("Multiemployer Plans") as defined in Section 3(37)(A) or (D) of ERISA, any incentive compensation plan, bonus plan, deferred compensation agreement or arrangement, stock option, stock bonus, stock purchase plan, post-retirement medical benefits, post-retirement life insurance benefits or severance benefits or to any other employee benefit plan (whether or not subject to ERISA), program or arrangement of any kind whatsoever which provides or is obligated to provide any kind of benefit (such plans, benefit programs and agreements (excluding Multiemployer Plans) are collectively referred to herein as the "Benefit Plans").

(b) Each Benefit Plan is a welfare benefit plan (as defined in Section (3)(1) of ERISA) is either (i) unfunded or (ii) funded through insurance contracts.

(c) Existing Operator has not committed any act or acts prior to or as a result of Closing which has effected, or could be reasonably expected to effect, a partial or complete withdrawal as such terms are defined under ERISA from any Multiemployer Plan.

(d) Existing Operator has listed in Exhibit 4.10 and made available to New Operator, or will make available to New Operator prior to the Closing, true, complete and correct copies of (i) all Benefit Plans (including amendments); (ii) all summary plan descriptions (whether or not required to be furnished under ERISA); (iii) all latest Annual Report forms filed with respect to any such Benefit Plan; (iv) the most recent actuarial valuation; and (v) determination letters received from the Internal Revenue Service with respect to any such Benefit Plan, except with respect to the Multiemployer Plans.

(e) All obligations of Existing Operator, whether arising by operation of law, by contract or by past custom, for payments to trusts or other funds or to any Governmental Entity or to any Benefit Plan or Multiemployer Plan have been paid, or adequate accruals for such payments have been made by Existing Operator on its books of account as of December 31, 2022, except accruals for such payments attributable solely to events occurring subsequent to December 31, 2022, all of which accruals will have been made by Existing Operator on its books of account as of the Closing Date.

(f) The Benefit Plans and related trust agreements, if any, listed in Schedule 4.9, are valid and in full force and effect and comply with the provisions of ERISA, the Internal Revenue Code of 1986 (the "Code") and all other applicable laws and regulations.

(g) As to each Benefit Plan for which an Annual Report (IRS Form 5500), including schedules, was filed by Existing Operator under ERISA or the Code, no liabilities with respect to any such Benefit Plan existed on the date of the financial statements contained in the most recent Annual Report except as disclosed therein, and no adverse change has occurred with respect to the financial statements covered by such Annual Report since the date thereof. Existing Operator has made or will accrue on its final balance sheet all required contributions and other payments due to its employees or pursuant to each and every Benefit Plan prior to Closing. New Operator shall not assume any Benefit Plan of Existing Operator.

4.10 Labor Matters. Except as and to the extent set forth in Exhibit 4.10:

(a) no collective bargaining agreement presently covers (nor has any, in the past three years covered) any employees of Existing Operator, nor are any currently being negotiated by Existing Operator and, no attempt to organize any group or all of the employees of Existing Operator have been made or proposed and is currently outstanding;

(b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the knowledge of Existing Operator, threatened, between Existing Operator and any of its employees, and Existing Operator has not experienced any such controversy, strike, slowdown or work stoppage within the past three years;

(c) Existing Operator is currently in material compliance with all applicable laws relating to the employment of labor, including those related to wages, hours, collective bargaining, and the payment and withholding of taxes and other sums as required by the appropriate Governmental Entity, and has withheld and paid to the appropriate Governmental Entity or is holding for payment not yet due to such Governmental Entity all amounts required to be withheld from employees of Existing Operator and Existing Operator is not liable for any arrears of wages,

taxes, penalties or other sums for failure to comply with any of the foregoing, and Existing Operator has paid in full to all its employees or adequately accrued for in accordance with GAAP all wages, salaries, commissions, bonuses, vacation, benefits and other compensation due to or on behalf of such employees;

(d) There is no claim with respect to payment of wages, salary or overtime pay that has been asserted and is now pending or, to the knowledge of Existing Operator, threatened with respect to any persons currently or formerly employed by Existing Operator;

(e) Existing Operator is not a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices;

(f) There is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted and is now pending or, threatened, with respect to Existing Operator;

(g) There is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted and is now pending or, threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Entity in any jurisdiction in which Existing Operator has employed or currently employs any person; and

(h) Upon request, Existing Operator shall provide a true and accurate list to New Operator or its designee setting forth the names, positions, and annual salaries or wage rates and bonus and other compensation arrangements as of the end of the last pay period prior to the request for all full and part-time employees of the Existing Operator and indicating whether each employee is part or full time.

4.11 Liens. All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the development and construction of the Facility and/or Assets have been paid, or prior to Closing shall be paid, whether the work is in progress or completed, for all work performed, material, supplies and the like up to and including the Closing Date, and there are no claims against the Existing Operator, the Facility, or any of the Assets in connection therewith which may give rise to a mechanic's lien against the Facility, the Assets or any portion thereto.

4.12 Improvements. No assessments for public improvements have been made against the Facility which remain unpaid, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets, roads, sidewalks and curbs and, none have been proposed or are pending.

4.13 Insurance. Exhibit 4.13 sets forth a true, correct and complete list of all general liability, professional liability, fire, casualty, fidelity, workers' compensation and other insurance policies currently held by or on behalf of Existing Operator relating to the Facility, and a description of any self-insurance arrangements by or affecting the Facility, including any reserves established thereunder. Exhibit 4.13 sets forth with specificity (A) the nature and extent of the coverage provided hereunder, (B) the name of the insurance company which issued the

same, (C) the expiration date thereof, and (D) the total premiums payable and paid thereunder. Each of said policies is in full force and effect and shall be maintained by Existing Operator in full force and effect until the Closing, and all premiums due thereunder have been paid and shall be paid by Existing Operator until the Closing. No written notice has been received from the insurance company which issued any of said policies stating in effect that such policy will not be renewed or will be renewed at a higher premium than is presently payable thereof or requesting the performance of any structural or other material repairs or alterations to the Facility.

4.14 Environmental Laws.

(a) Existing Operator does not have knowledge of and has not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or Release of any Hazardous Substance at the Facility, which Hazardous Substances were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise handled at, or transported or released from the Facility, or regarding compliance with Environmental Laws. Existing Operator has not received any written notice of any other claim, demand or action by any individual or entity alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or Release of any Hazardous Substances at, on, under, in, to or from the Facility or real property or in connection with any operations or activities of Existing Operator thereat.

(b) For purposes of this Agreement, the term “Environmental Laws” shall mean any applicable statutes, ordinances, directives or other written, published laws, any written, published rules or regulations, orders, guidelines or policies, and any licenses, permits, orders, judgments, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any Governmental Entity, relating to pollution or protection of public health or the environment, or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, or Release of any Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws enacted, promulgated or lawfully issued by any Governmental Entity.

(c) For purposes of this Agreement, the term “Hazardous Substances” shall mean any pollutants, contaminants, substances, chemicals, carcinogens, wastes, dangerous wastes, or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including, but not limited to, petroleum and its derivatives, PCBs, asbestos, radioactive materials, waste waters, sludge, slag and any other substance, material or waste), as defined in or regulated by any Environmental Laws or as determined by any Governmental Entity.

(d) For purposes of this Agreement, the term “Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migration, dumping or disposing into the environment.

(e) Existing Operator has not installed any underground storage tanks on or adjacent to the Facility, and there are no underground storage tanks on the real estate portion of the Existing Operator's assets.

(f) All sewage from the Existing Operator's Assets is being lawfully discharged into the municipal system.

4.15 Compliance with Laws. Except with respect to the DOJ Proceeding or as disclosed in Schedule 4.4: There is not pending or threatened any audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement. Existing Operator further represents that there have been no adjudications or notices of Medicare or Medicaid fraud or abuse relating to the operation of the Facility, nor to Existing Operator's knowledge are there any conditions at the Facility which reach the level of fraud or abuse within the regulations governing either the Medicare or Medicaid program or under relevant State or Federal Laws.

Existing Operator is not a target of, participant in, or subject to any action, proceeding, suit, audit, investigation or sanction by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any patient or resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medicaid/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could reasonably be expected to have a Material Adverse Effect on Existing Operator, or the operation of the Facility, including the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Permit, or affect Existing Operator's participation in the Medicare, Medicaid, or other third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor has any such action, proceeding, suit, investigation or audit been threatened.

Existing Operator, the Facility and the operation thereof is in compliance (without waivers) and as of the Closing Date will be in compliance (without waivers) with (i) all applicable municipal, county, state and federal laws, regulations, ordinances, standards, policies, rules, restrictions and orders, including without limitation, all health, building, fire and zoning ordinances and life safety codes and the Americans with Disabilities Act, as the same may be amended, including quality and safety standards; (ii) accepted professional standards and principles that apply to the provision of services at the Facility; (iii) federal, state or local laws, rules, regulations or published interpretations or policies relating to the prevention of fraud and abuse; (iv) insurance, reimbursement and cost reporting requirements, government payment

program requirements; and (v) requirements relating to the Facility's physical structure and environment, licensing, quality and adequacy of nursing facility care, distributions of pharmaceuticals, rate setting, equipment, personnel and operating policies. The Property has been and is presently used and operated in compliance in all material respects with, and in no material way violates any applicable statute, law, regulation, rule, licensing requirement, ordinance, order or permit of any kind whatsoever affecting the Property or any part thereof, including without limitation, any PADOH laws, Environmental Laws, and any rules or regulations promulgated thereunder, as well as any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, nondiscrimination, health, safety, pensions and employee benefits.

Existing Operator has not received written notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over New Operator or otherwise to rework or redesign the Facility so as to conform to or comply with any existing law, code or standard which has not been fully satisfied prior to the Effective Date or which will not be satisfied prior to the Closing Date.

All billing practices of Existing Operator to all third party payors, including the Medicare and Medicaid programs and private insurance companies, have been in compliance with all applicable laws, regulations and policies of such third party payors and the Medicaid and Medicare programs.

Existing Operator has instituted, and the Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable guidelines established by the Health Care Authorities.

Existing Operator is in compliance in all material respects with the Health Care Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder.

Neither Existing Operator nor any of its affiliates have provided any incentives to contracted provider networks or providers that have violated any Applicable Law with respect to inducing, directly or indirectly, such contracted provider networks or providers to refer patients to the Facility. Existing Operator and the Facility are, and at all relevant times have been, in compliance with all applicable state and federal anti-kickback, self-referral and/or patient brokering statutes, the Stark law, the federal False Claims Act and any state law prohibiting kickbacks or certain referrals relating or applicable to Medicare or any other state or federal health care programs. In addition, Existing Operator, the Business and the Facility are, and at all relevant times have been, in compliance with all Applicable Laws pertaining to (i) billing to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud and (ii) collection agencies and the performance of collection services.

Each employee of Existing Operator who is required by Applicable Law to hold a valid permit or other qualification to deliver health care services to patients (including the performance of diagnostic services such as x-ray or lab services) holds such permit or other qualification and is performing only those services which are permitted by such permit or other qualification.

Existing Operator has paid all quality assurance fees, bed taxes and nursing home provider fees due and owing to the applicable Health Care Authorities.

All repairs, replacements, remodeling, alterations, improvements and construction at, to or on the Facility have been made pursuant to approved permits and approvals required by applicable Health Care Authorities.

There is no corporate integrity agreement or other monitoring or compliance agreement required by the Office of Inspector General ("OIG") or any other Governmental Entity that is currently in place and affecting the Facility or the Existing Operator, and there are no pending or threatened OIG or Department of Justice investigations involving the Facility, the Existing Operator, or their Affiliates.

Existing Operator is in compliance with all federal, state and local laws, rules and regulations relating to the employment authorization of its employees and independent contractors (including the Immigration Reform and Control Act of 1986, as amended and supplemented, and Sections 212(n) and 274A of the Immigration and Nationality Act, as amended and supplemented, and all implementing regulations relating thereto), and Existing Operator is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFR § 274a.1(a)(1994)).

Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or amend or otherwise change the Facility and/or the number of beds approved by PADOH (or any subdivision) or any other applicable state licensing agency, and there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

4.16 Cost Reports. Existing Operator has filed and will prior to Closing file all cost reports required to be filed under Title XVIII or Title XIX and timely complied with all other applicable reporting requirements relating to the period prior to Closing. All cost reports and other reports are, to the extent they currently exist, and otherwise shall be true and accurate in all material ways. Existing Operator shall deliver to New Operator a copy of all cost reports filed between the execution of this Agreement and Closing. There are no current, pending or outstanding Medicare, Medicaid or third party payor program reimbursement audits or appeals. There are no cost report years that are subject to audit, no cost reports remain "open" or unsettled, and there are no current or pending Medicare, Medicaid or other third-party payor program recoupment efforts, in each case with respect to the Facility.

4.17 Resident Agreements. A copy of the current standard form of Admission Agreement used by the Facility has been provided to New Operator. To Existing Operators' knowledge there are no other agreements with residents of the Facility which materially deviate from the standard form.

4.18 Surveys and Reports. Complete copies of Department of Human Services and/or PADOH survey reports, any waivers of deficiencies, plans of correction, and any other governmental investigation report issued with respect to the Assets during the past twenty-four (24) months have been provided to New Operator prior to, or will be provided to New Operator upon their request promptly following execution of this OTA. All deficiencies and violations cited in any existing survey have been corrected or corrective action plans implemented therefore and will be corrected prior to Closing. There are no bans, remedies, sanctions, prohibitions on payment, or limitations in effect with respect to admissions to the Facility, or any licensure curtailments in effect with respect to the Facility. Except as disclosed on Exhibit 4.18, none of the following exists with respect to any Facility:

- (a) immediate jeopardy violations or any deficiencies which scope and severity levels constitute “substandard quality of care” in effect with respect to the Facility;
- (b) the Facility has not received notice of inclusion or intended inclusion as a Federal Special Focus Facility or any State equivalent;
- (c) notice of violations with scope and severity level of “F” (or the equivalent) or higher;
- (d) notice of termination of the license issued by PADOH to operate the Facility as a skilled nursing facility;
- (e) notice of termination of the certification issued by PADOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
- (f) notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
- (g) notice of a material Life Safety Code deficiency cited by CMS, HFS, PADOH, or state or local building, fire safety or health authorities that have not been corrected as of the date hereof;
- (h) notice of imposition of civil monetary penalties or other immediate sanctions in accordance with 42 CFR §488.30 et seq.; and
- (i) notice that the Facility will be prohibited from admitting, or will not be reimbursed for new residents.

4.19 Broker. No person or entity is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Existing Operator or any of its affiliates. If any fees or commissions are claimed or payable as a result of any person’s claimed representation of Existing Operator, the same shall be the Existing Operator’s sole responsibility.

4.20 Absence of Certain Changes or Events. Except as set forth in Exhibit 4.20, since the date of the most recent Financial Records, (a) Existing Operator has operated the Assets and the Facility only in the ordinary and usual course of business consistent with past practice; (b) there has not occurred any event or circumstance that would have required the consent of, or notice to, or consultation with New Operator if this Agreement had been in effect on such date; and (c) there has not occurred any other event, circumstance or other change in the Assets or the Facility (financial or otherwise) that, alone or in the aggregate, has had or reasonably could be expected to have a Material Adverse Change.

4.21 Conduct of Business Pending the Closing Date. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to by New Operator in writing:

(a) Existing Operator will lawfully operate the business of the Facility in the ordinary course and in substantially the same manner as it has heretofore and in a manner which is consistent with this OTA.

(b) Existing Operator shall not dispose of any fixed assets except in the ordinary course of business consistent with past practice, change employment terms for any executive or group of employees or institute, amend, or terminate any employee benefit plan. Existing Operator agrees that it shall consult with New Operator prior to entering into or amending any contract, lease or other agreement which will be in effect and bind the Facility after the Closing Date, unless such contract lease or other agreement or amendment thereto can be terminated by Existing Operator without cause on thirty (30) day's notice.

(c) Upon reasonable prior notice, Existing Operator shall give New Operator and its representatives full access during normal business hours to all of the properties, books, contracts, commitments and other records of the Existing Operator pertaining to the Facility and the business of the Facility and will furnish New Operator and its representatives during such periods with all such information and data concerning the affairs of the Facility as New Operator or such representatives reasonably may request.

4.22 Cooperation with New Operator. Existing Operator will assist and cooperate with New Operator in any reasonable request with regard to submission for approval of transfer to PADOH or any other governmental or non-governmental entity from whom New Operator seeks to obtain permission.

4.23 Inventory. On the Closing Date, the Existing Operator shall maintain its normal inventory of supplies, which in no event shall be less than sufficient quantities of supplies required by law and in all cases consistent with past practices and prudent operation of the Facility.

4.24 Patient Trust Funds. The patient trust funds transferred hereunder are all such funds required to be held by law.

4.25 Intentionally Omitted.

4.26 Aliases. Existing Operator has not used any names other than those set forth on Exhibit 4.26.

4.27 Patriot Act Representations. Existing Operator is not, and is not acting, directly or indirectly, for or on behalf of any Person named as a “specially designated national and blocked person” (as defined in Presidential Executive Order 13224) on the most current list published by the U.S. Treasury Department of Foreign Assets Control, and Existing Operator is not engaged in this transaction, directly or indirectly, on behalf of, and are not facilitating this transaction, directly or indirectly, on behalf of, any such Person. Neither Existing Operator nor their constituents or affiliates are in violation of any laws relating to terrorism or money laundering, including the aforesaid Executive Order and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), as amended.

4.28 Financial Records. Existing Operator has furnished to New Operator, true, complete and correct copies of the unaudited financial statements of the Facility for the three full calendar years ending prior to the Effective Date and year-to-date financial statements for the calendar year in which the Effective Date and/or the Closing Date occurs (collectively, the “Financial Records”). The Financial Records (i) have been prepared from the books and records of Existing Operator in conformity with Generally Accepted Accounting Principles, applied on a consistent basis, except that the unaudited statements are without footnotes and are subject to normal yearend adjustments, (ii) present fairly the financial position of the Facility as of the date of the balance sheet included in the Financial Records and the results of operations and the cash flows of the Facility for the periods ending on the date of the Financial Records, and (iii) are true, complete and correct, in all material respects. Since the date of the most recent Financial Record, there has not been any Material Adverse Change.

4.29 Audits. Except as set forth on Schedule 4.29, Existing Operator has not received any notice of any desk audits or full audits by any Healthcare Authority in connection with any Medicaid or Medicare cost reports filed by Existing Operator.

4.30 COVID-19. Schedule 4.30 attached hereto sets forth a list of all payments received and applications pending for monies received by Transferor relating to COVID-19, including all CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds (as the foregoing are hereinafter defined). Transferor has complied in all material respects with respect to Legal Requirements pertaining to the handling of such CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds, including, without limitation, all material reporting requirements

4.31 Accuracy of Representations and Warranties. Each representation and warranty of Existing Operator hereunder is true, complete and correct in all respects as of the Effective Date and shall be deemed remade as of the Closing Date with the same force and effect as if made on the Closing Date. All references in this Agreement to “Existing Operator’s knowledge”, “the knowledge of Existing Operator” or words of similar import shall refer only to the actual knowledge of Ephram Lahasky (“Designated Representative”), without independent investigation or inquiry. There shall be no personal

liability on the part of the Designated Representative arising out of any representations or warranties made herein.

**SECTION 5
RESERVED**

**SECTION 6
MISCELLANEOUS**

6.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Agreement and the transactions referred to herein, contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.2 Notices. All notices, requests, consents, approvals, waivers, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered to the Parties (a) on the date of transmission by electronic mail, with confirmation from the recipient of the successful delivery of such transmission, (b) on the first business day following the date of delivery to a nationally recognized overnight courier service, or (c) on the third business day following the date of deposit in the United States Mail, postage prepaid, by certified mail, return receipt requested, in each case, addressed as follows, or to such other address, Person as any Party may designate by notice to the others in accordance herewith:

If to Existing Operator, to:

c/o Comprehensive Healthcare Management Services
600 Broadway, Suite E
Lynbrook, New York 11563
Attn: Mordy Lahasky
Email: mordyeph@gmail.com

If to New Operator:

Murrysville Opco LLC
395 Pearsall Avenue, Suite K,
Cedarhurst NY 11516
Attention: Gedaliah Wielgus

6.3 Entire Agreement; Amendment; Waiver. This Agreement, including all schedules, exhibits and all other documents executed in connection with and pursuant to the terms and conditions of this Agreement, constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be modified or amended except in writing signed by the Parties hereto. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be effective unless in writing and signed by the party granting the waiver. Further, no such waiver shall be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

6.4 Assignment. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by any Party hereto without the express prior written consent of the other Parties hereto.

6.5 Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the Parties hereto with respect to the subject matter hereof. The Parties hereto do not intend that any third party shall have any rights under this Agreement.

6.6 Representation by Counsel. The Parties hereto acknowledge that they have been represented by independent legal counsel of their choosing throughout all of the negotiations which preceded the execution of this Agreement, and that each party has executed this Agreement with the consent and on the advice of such independent legal counsel. This Agreement is a negotiated document. As a result, any rule of construction providing for any ambiguity in the terms of this Agreement to be construed against the draftsman of this Agreement shall be inapplicable to the interpretation of this Agreement.

6.7 Captions. The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

6.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or email transmission of any signed, original counterpart transmission shall be deemed the same as the delivery of an original. The parties agree and acknowledge that this Agreement may be kept in electronic form and that an electronic version of this Agreement will be just as valid and enforceable as the original.

6.9 Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

6.10 Jurisdiction. Each Party hereto consents to the jurisdiction of the courts of the Commonwealth of Pennsylvania, or if it can acquire jurisdiction, in the Federal District Courts located in the Commonwealth of Pennsylvania as to claims arising under or brought in connection with this Agreement and the transactions contemplated herein.

6.11 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

6.12 Confidentiality.

(a) Existing Operator acknowledges that certain of the information that has been and will be made available pursuant to this Agreement may be proprietary and include confidential information. Existing Operator shall hold all such information about New Operator in confidence and shall not disclose it to any Person (other than to their respective representatives, so long as those representatives agree to keep any such information in confidence) without the approval of New Operator supplying such information; provided, however, that the foregoing restriction shall not apply to any information that is, through no fault of Existing Operator, publicly known or which is lawfully obtained from a third party, or to any disclosure required by any Legal Requirements or in connection with the enforcement of Existing Operator's or New Operator's rights under this Agreement.

6.13 Calculation of Time Periods. Any reference in this Agreement to a “business day” shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays, all days on which commercial banks in New York State are required by law to be closed. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included. Any reference in this Agreement to a “day” or a number of “days” (other than references to a “business day” or “business days”) shall mean a calendar day or calendar days, provided that if the calendar day or last calendar day to perform any act or give any notice or approval shall fall on a calendar day that is not a business day, such act or notice may be timely performed or given on the next succeeding business day.

6.14 Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend and/or supplement all exhibits and schedules in order for the same to be complete, current, true and correct as of the Closing Date.

6.15 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to the Parties or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability of such provision, or the application thereof, in any other jurisdiction.

6.16 Publicity. Prior to Closing, the Parties hereto shall consult with each other as to the form and substance of any press release or other public disclosure regarding the transactions provided for herein or contemplated hereby, and no Party hereto shall make any public disclosure thereof prior to the Closing without the consent of the other Parties hereto provided that nothing herein shall prohibit any Party from making any public disclosure which it, with advice of counsel, deems reasonably necessary to comply with laws applicable to it.

6.17 Non Solicitation/Non Compete. Neither Existing Operator nor any of its or their affiliates or principals shall knowingly and intentionally (i) solicit management level Employees for a period of twelve (12) months following the Closing Date or (i) hire any Employees for employment at any long-term care facilities owned or operated by any affiliates of Existing Operator located within a twenty (20) mile radius of the Facility for a period of twelve (12) months following the Closing Date. In the event that during the period beginning on the Closing Date and ending upon the date that is twelve (12) months following the Closing, any Employee is solicited (for this purpose, solicit shall not include a Facility employee who responds to employment opportunities which are posted or advertise by affiliates of Existing Operator in the ordinary course of such affiliate’s hiring practices) or hired for employment by any person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Existing Operator in violation of the preceding sentence, then Existing Operator shall pay to New Operator an amount equal to Twenty-Five Thousand Dollars (\$25,000.00) as liquidated damages, for each such

Employee that is solicited or hired in violation of this section. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Twenty-Five Thousand Dollars (\$25,000.00) is a fair and reasonable approximation of such actual damages.

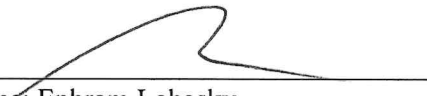
[SIGNATURES BEGIN ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

EXISTING OPERATOR:

Murrysville Operations LLC,
a Pennsylvania limited liability company

By: 

Name: Ephram Lahasky

Its: Authorized Signatory

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

NEW OPERATOR:

Murrysville Opco LLC,
a Nevada limited liability company

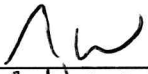
By: 
Name: Geraldine Wilgus
Title: Authorized Signatory

EXHIBIT A

Other Facilities

<u>Other Facility Name and Address</u>	<u>Other Existing Operator</u>	<u>Other New Operators</u>
Monroeville Rehabilitation and Wellness Center 4142 Monroeville Boulevard Monroeville, PA 15146-2608	Monroeville Operations LLC	Monroeville Opco LLC
Mt Lebanon Rehabilitation and Wellness Center 350 Old Gilkeson Rd Mt Lebanon, PA 15228	Mt Lebanon Operations LLC	Murrysville Opco LLC
South Hills Rehabilitation and Wellness Center 201 Village Drive, Canonsburg, PA 15317-2368	South Hills Operations LLC	South Hills Opco LLC

EXHIBIT B

DEFINITIONS

“Environmental Law” means, collectively, any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered including, but not limited to, those materials or substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “pollutants” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State of New Jersey, and any rules and regulations promulgated thereunder, all as presently or hereafter amended.

“Facility Records” shall mean all of the books, records (including all current resident and employee records in the form located at the Facility on the Closing Date), accounts, files, logs, ledgers and journals pertaining to or used in the operations of the Facility, including, but not limited to, any electronic data stored on computer disks or tapes, and originals of any of the foregoing that relate to the operations of the Facility but excluding any Excluded Assets, including, without limitation, books, records, accounts and files pertaining to former employees and former residents of the Facility and any background checks, drug test results or other employee records that are produced and maintained by third party vendors.

“Governmental Entity” shall mean any (a) federal, state, county or municipal government, or city, town, borough, village, district or other jurisdiction; (b) governmental or quasi-Governmental Entity of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); and (c) any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power.

“Hazardous Substances” means all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, toxic mold, petroleum, asbestos containing materials, asbestos insulation and/or urea formaldehyde insulation, polychlorinated biphenyls, lead and lead-based paint, which are regulated, governed, restricted or prohibited by the Environmental Laws.

“Health Care Authorities” shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of the Facility as a skilled nursing facilities.

“Health Care Requirements” shall mean, with respect to the Facility, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of such Facility or any part thereof as a nursing facility and all regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with Health Care Authorities as pertaining to such Facility and the payment and/or reimbursement for services rendered or goods or materials supplied at such Facility.

“Legal Requirement” shall mean any federal, state, local, municipal or other order, constitution, law, ordinance, principle of common law, code, regulation, or statute.

“Material Adverse Change” means any circumstance, event, effect or change that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to (1) the Business, or the results of operations or condition (financial or otherwise) of the Facility taken as a whole, (2) the Property or the Assets; or (3) the ability of Existing Operator to perform their respective obligations under this Agreement; provided, that no circumstance, event, effect or change arising out of any of the following shall be deemed to constitute a Material Adverse Change: (i) the economy in general, (ii) the economic, business, financial or regulatory environment generally affecting the industries in which Existing Operator operates, or (iii) an act of terrorism or an outbreak or escalation of hostilities or war (whether declared or not declared) or any natural disasters or any national or international calamity or crisis, except to the extent involving the Facility; in each case other than any circumstance, event, effect or change to the extent that such any circumstance, event, effect or change, individually or in the aggregate, has or would reasonably be expected to have a disproportionately adverse effect on Existing Operator as compared to other participants in the industry in which Existing Operator operates.

“Material Adverse Change” also means with respect to any individual Facility (A) the loss of operating licensure; or (B) the loss of any existing Medicare or Medicaid participation; or (C) the designation of the Facility by Centers for Medicare and Medicaid Services as a “Special Focus Facility” under its Special Focus Facility Program.

“Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Entity.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Resident Census Report” shall mean a true, correct and complete schedule (provided in accordance with all applicable Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of the Facility, the average daily rate and other charges payable with respect thereto, the class of payment or reimbursement (i.e., private, third-party payor, Medicare, and Veterans Administration), the average monthly census of the Facility and its occupancy rate.

“Resident Trust Funds” shall mean the funds held in trust by Existing Operator for residents at the Facility.

EXHIBIT C

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of the [•] day of [•], 20__, by _____, a
_____ limited liability company (“**Grantor**”), to [•] (“**Grantee**”).

KNOW ALL PERSONS BY THESE PRESENTS, that for and in consideration of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt whereof is hereby acknowledged and intending to be legally bound hereby, Grantor does grant, sell, convey, transfer, assign, deliver and set over unto Grantee, its heirs, executors, administrators, successors and assigns, forever, all of Grantor’s right, title and interest in the assets listed on Exhibit A attached hereto (the “**Purchased Assets**”) located in or upon, and used solely in connection with the operation of that certain skilled nursing facility known as [•] located at [•] (the “**Facility**”), or any portion thereof, WITHOUT RECOURSE OR WARRANTY, except for the representations and warranties, if any, concerning the Purchased Assets as set forth in that certain Operations Transfer Agreement dated as of [•], 20__ by and among Grantor and certain of its affiliates and Grantee and certain of its affiliates (the “**OTA**”) to have and to hold the same unto Grantee, its heirs, successors, administrators and assigns, forever. Specifically excluded from this Bill of Sale shall be those items described and defined as “Excluded Assets” in the OTA. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the OTA.

(Signatures on following page)

IN WITNESS WHEREOF, Grantor and Grantee have caused this Bill of Sale to be executed and delivered as of the day and year first above written.

GRANTOR:

By: _____
Name:
Its:

GRANTEE:

By: _____
Name:
Its:

(Signature page - Bill of Sale and Assignment)

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assignment”) is made as of the [•] day of [•], 20__, _____, a _____ limited liability company (“Assignor”), and _____ (“Assignee”).

RECITALS:

A. This Assignment is made in connection with that certain Operations Transfer Agreement, dated [•], 20__, by and among Assignor and certain affiliates, on the one hand, and Assignee and certain affiliates, on the other hand (the “Operations Transfer Agreement”), pursuant to which Assignor is transferring to Assignee the operations of that certain facility known as [•] and located at [•] (the “Facility”). Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Operations Transfer Agreement.

B. Pursuant to the terms of the Operations Transfer Agreement, Assignor is to assign to Assignee, all of its right, title and interest in the Resident Agreements and the Assumed Facility Agreements entered into by Assignor or in possession of Assignor with respect to the operation of the Facility.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties hereto, intending to be legally bound, agree as follows:

1. Assignor hereby assigns, conveys and transfers to Assignee all of Assignor’s right, title and interest, if any, in and to Assumed Facility Agreements as set forth on Schedule 1 attached hereto and made a part hereof, to the extent assignable.

2. Assignor hereby assigns, conveys and transfers to Assignee, all of Assignor’s right, title and interest of Assignor under the Resident Agreements in effect as of the date hereof and made a part hereof.

3. Assignee hereby assumes the duties and obligations of Assignor under [the Assumed Facility Agreements and the Resident Agreements, which duties and obligations arise and accrue from and after the date hereof. For the avoidance of doubt, Assignee assumes no duties or obligations of Assignor under any Assumed Facility Agreement or Resident Agreement that arose or accrued prior to the date hereof, and such duties and obligations remain the sole and exclusive responsibility of Assignor.

4. Except as may be expressly set forth in the Operations Transfer Agreement (and as limited thereby), Assignor makes no representations or warranties of any kind with respect to the Assumed Facility Agreements or Resident Agreements assigned herein.

5. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

6. This Assignment shall be governed by the laws of the _____ as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

7. This Assignment may be executed in one or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterpart. This Assignment may be executed by any party by the delivery of such party by facsimile, by portable document via electronic mail, or by other electronic means, a copy of the signature page of this Assignment duly executed by such party. Any copy of this Assignment so delivered by facsimile, by portable document format, or by other electronic means, shall be deemed to be an originally executed copy of this Assignment.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

By: _____
Name:
Its:

ASSIGNEE:

By: _____
Name:
Its:

(Signature Page – Assignment and Assumption Agreement)

OPERATIONS TRANSFER AGREEMENT

This OPERATIONS TRANSFER AGREEMENT (“Agreement”) is entered into as of October 30, 2023 (“Effective Date”), by and among South Hills Operations LLC, a Pennsylvania limited liability company (the “Existing Operator”), and South Hills Opco LLC, a Nevada limited liability company (the “New Operator”). Existing Operator and New Operator are sometimes each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. GPH Canonsburg LP, a Delaware limited partnership (“Owner”), is the fee owner of that certain 104-bed licensed skilled nursing facility known as “South Hills Rehabilitation and Wellness Center” and located at 201 Village Drive, Canonsburg, PA 15317-2368 (the “Facility”)

B. Existing Operator is the licensed operator of the Facility, and leases the Facility from Owner pursuant to a Master Lease agreement by and between Owner and Existing Operator, and others (the “Existing Lease”).

C. Concurrently with the execution of this Agreement, (i) Owner and PA 3 SIX MASTER LLC, a Delaware limited liability company (“Master Tenant”) have entered into that certain Lease Agreement dated as of the date hereof (the “Master Lease”) pursuant to which Master Tenant has agreed to lease the Facility and (ii) Master Tenant and New Operator have entered into that certain Sublease, pursuant to which New Operator shall sublet the Facility from Master Tenant.

D. Existing Operator owns certain Assets (as defined herein) used in connection with the operation of the Facility.

E. Existing Operator desires to divest itself of the operations of the Facility and all of its interest in the tangible and intangible property and other interests relating to the operation and/or management of the Facility, all upon the terms and conditions contained in this Agreement.

F. The Parties hereto desire for Existing Operator, subject to the satisfaction of the conditions contained herein, to cease operating the Facility and surrender all rights in and to the Facility, except as provided in this Agreement, and for New Operator to commence operation of the Facility.

G. The Parties wish to provide for an orderly and lawful transition of the operations of the Facility from Existing Operator to New Operator.

H. Concurrently herewith, certain affiliates of Existing Operator identified as “Other Existing Operators” on Exhibit A hereto (the “Other Existing Operators”) and certain affiliates of New Operator identified as “Other New Operators” on Exhibit A hereto (the “Other New Operators”) have entered into those certain Operations Transfer Agreements (the “Other OTAs”) with respect to the skilled nursing facilities identified on Exhibit A hereto (the “Other Facilities”).

I. Certain capitalized terms used herein have the meanings given to them on Exhibit B attached hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that:

SECTION 1
TRANSFERRED ASSETS; CONDITIONS TO CLOSING;
DELIVERIES UPON CLOSING DATE

1.1 Transferred Assets. Effective simultaneously with the Closing Date (collectively, the “Closing”), Existing Operator agrees that Existing Operator’s rights in and to the Facility and all rights of Existing Operator to occupy or otherwise operate the facility shall terminate, except those rights or obligations which survive or are retained by Existing Operator pursuant to this Agreement, and Existing Operator hereby assigns, transfers, conveys and delivers to the applicable New Operator, all of Existing Operator’s rights, title and interest in and to the following, hereinafter collectively referred to as the “Assets”:

(a) To the extent permitted under the applicable agreements, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all rights of Existing Operator in, to and under the Assumed Facility Agreements;

(b) To the extent permitted under state laws and regulations, and subject to Section 2.14 hereof and the other terms and conditions of this Agreement, all occupancy, residency, tenancy and similar written agreements entered into in the ordinary course of business with residents, and any amendments or modifications thereof (collectively, the “Resident Agreements” and together with the Assumed Facility Agreements, collectively, the “Operating Agreements”);

(c) All licenses, permits and approvals other than certificates of need (or the equivalent) related to the applicable Facility, to the extent Existing Operator’s interests are assignable and/or transferrable pursuant to Legal Requirements;

(d) All rights, title and interest of Existing Operator in and to any trade names and all variations thereof connected with the applicable Facility;

(e) all inventory and supplies but not less than a quantity of inventory and supplies which is the greater of what is customarily maintained at the Facility or that which a prudent operator would maintain, including, but not limited to, office, foodstuffs, medical, disposables, prescription medications and pharmaceutical inventories and supplies and other inventories, supplies and articles of personal property of every kind and nature attached to or used in connection with the Facility which are owned by Existing Operator;

(f) all furniture, fixtures, furnishings, equipment, appliances, tools, instruments, machinery, computers, computer equipment and hardware, office equipment, trucks, vehicles and other transportation equipment, parts, supplies, time clocks and other tangible personal property owned by Existing Operator as of the date of this OTA or acquired by Existing Operator prior to the Closing Date which are used in connection with the operation of the Facility

(g) All telephone and facsimile numbers relating to the applicable Facility (including all “800” numbers) and all post office box addresses associated with the Facility;

(h) all menus, policies and procedures manuals, operating manuals, training materials, marketing, sales and promotional materials, intellectual property including, but not

limited to, all patents, trademarks, service marks, copyrights (whether or not registered) and registrations and applications therefore, trade names, trade secrets, confidential know-how and similar proprietary information, and/or computer software owned by Existing Operator or used by the Facility to the extent the license for same is transferable and accepted by New Operator; and

(i) Any and all other items of tangible and intangible personal property owned by Existing Operator and used solely in connection with the operation, leasing and maintenance of the Facility (collectively, the “Personal Property”), and any goodwill of Existing Operator associated with the business operated at such Facility.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein the Assets shall not include the following items (collectively, the “Excluded Assets”):

(a) Existing Operator’s rights under this Agreement or any other agreement between Existing Operator and New Operator;

(b) all refunds for taxes, fees, assessments and charges for the period prior to the Closing Date;

(c) amounts of any nature which are or might be due to Existing Operator for goods provided, services rendered, or any other transaction of any type prior to the Closing Date;

(d) refunds, rebates and dividends paid in respect of workers compensation or other insurance premiums paid by Existing Operator prior to the Closing, and refunds and additional recoveries by or payments to Existing Operator from any Person for services, provision of goods or supplies, or any other transactions prior to the Closing Date;

(e) all refunds arising out of retrospective premium adjustments under insurance policies covering the Facility or operations thereof relating to the period prior to the Closing Date;

(f) inventory disposed of in the ordinary course of business prior to the Closing Date;

(g) any provider tax payments related to periods prior to Closing Date;

(h) all security deposits and prepayments paid by Existing Operator to third parties for future services, if any;

(i) any and all Medicaid and Medicare audit and case mix appeal rights and payments for periods prior to Closing Date;

(j) any state Medicaid or Medicare reimbursements or adjustments for services rendered prior to Closing Date;

(k) equipment leased pursuant to any lease that is not an Assumed Facility Agreement;

(l) all Rejected Facility Agreements;

(m) Existing Operator’s corporate minute books and seals;

(n) any insurance proceeds paid or payable to Existing Operator for claims to the extent arising prior to Closing Date;

(o) all of Existing Operator's bank accounts, cash, cash equivalents, securities and accounts receivable (including third party settlements and excluding accounts receivable of the Facility relating to services provided on and after the Closing), prepaid accounts, deposit accounts, deposits, real estate and insurance escrows, inter-company accounts and utility deposits; and

(p) all licenses, permits, approvals and certifications that are not assignable or transferable pursuant to Legal Requirements.

1.3 Conditions to Closing. The obligations of the Parties under this Agreement that are to be performed on the day on which the Closing occurs (the "Closing Date") shall be subject to the following conditions precedent on, and as of, the Closing Date, to the reasonable satisfaction of or the waiver thereof by the party benefitting from such condition, in the absence of which the benefitting party may terminate this Agreement (following written notice to the other party and ten (10) business days to cure such failure):

(a) New Operator shall have received from the appropriate governmental authorities all licenses, certificates, permits and approvals required for the operation of the Facility by New Operator (the "Licenses"), or otherwise shall have confirmed the approval from the appropriate governmental authorities for the issuance of such licenses, certificates, permits and approvals to New Operator upon receipt of evidence of the transfer of the Facility to New Operator;

(b) Owner shall have executed and delivered a termination of the Existing Lease in a form reasonably satisfactory to Existing Operator effective as of the Closing Date;

(c) Existing Operator's representations and warranties contained in this Agreement and any document to be executed and delivered at Closing shall be true and correct in all respects on the Effective Date, as applicable, and all material respects as of the Closing Date with the same force and effect as if made on the Closing Date except that those representations and warranties that contain materiality qualifications and other qualifications based on the word "material" shall be required to be true and correct in all respects and not merely material respects; and

(d) No Material Adverse Change shall have occurred between the Effective Date and the Closing Date with respect to the Facility.

(e) Except with respect to the federal indictment against Mt. Lebanon Operations LLC and certain of its affiliates and the pending proceedings related thereto (the "DOJ Proceeding"), there shall not be any pending or threatened audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement.

(f) There shall not have been imposed against Existing Operator, nor shall have Existing Operator received notice of: (a) any civil monetary penalty ("CMP") or other federal, state or local fine and/or penalty ("Penalty") or (b) any survey deficiency of the severity level of "G" or worse. For the avoidance of doubt, this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to Closing.

(g) The Facility shall not be designated by CMS as a “Special Focus Facility” or placed on the SFF watch list or other list for consideration as an SFF program.

(h) Between the date of this Agreement and the Closing, there shall not have been greater than a five percent (5%) change to the Medicare and Medicaid rates of the Facility.

(i) Census. The seven (7) day average aggregate Census of the Facility and Other Facilities ending ten (10) days prior to the Closing Date shall be no more than seven percent (7%) lower than the aggregate Census of the Facility and Other Facilities as of the date hereof.

(j) All conditions to closing under the Other OTAs in favor of the Other Existing Operators or Other New Operators, as applicable, shall have been satisfied or waived by the applicable party, and the closing under the Other OTAs shall be prepared to occur concurrently with the Closing hereunder.

1.4 Existing Operator’s Deliveries Upon the Closing Date. Existing Operator shall deliver the following to New Operator on the Closing Date:

(a) A bill of sale for the Facility executed by the applicable Existing Operator for the benefit of the applicable New Operator, substantially in the form attached as Exhibit C hereto (the “Bill of Sale”);

(b) An assignment and assumption agreement for the Facility executed by the applicable Existing Operator, substantially in the form attached hereto as Exhibit D (each an “Assignment and Assumption Agreement”);

(c) The Employee Schedule for the Facility including a schedule showing the method of calculation of ETO, certified by an officer of Existing Operator as true, complete and correct in all material respects as of the Payroll Date;

(d) The inventory and supplies included within the Assets, which Existing Operator shall deliver to New Operator by leaving the same at the Facility on the Closing Date;

(e) A certificate executed by an authorized officer of Existing Operator that no Material Adverse Change has occurred between the Effective Date and the Closing Date;

(f) A closing statement setting forth in reasonable detail the financial transactions contemplated by this Agreement, including, without limitation, all prorations, as reasonably approved by Existing Operator and New Operator (the “Closing Statement”);

(g) If requested by Owner, a termination of the Existing Lease with respect to the Facility duly executed by Existing Operator; and

(h) Such other documents as are reasonably requested by New Operator to effectuate the transactions contemplated hereby.

1.5 New Operator’s Deliverables on the Closing Date. New Operator shall deliver the following to Existing Operator on the Closing Date:

(a) The Bill of Sale and the Assignment and Assumption Agreement for the Facility executed by the applicable New Operator; and

(b) The Closing Statement.

SECTION 2 TRANSFER OF OPERATIONS

2.1 Cooperation. The Parties hereto agree to cooperate with each other to effect an orderly transfer of the operation of the Facility on the Closing Date. In furtherance and not in limitation of the foregoing, New Operator and their representatives may request, upon prior notice (which may be by email or telephone) to Existing Operator, to enter the Facility for the purpose of performing due diligence inspections. Upon receipt of such request, Existing Operator shall grant New Operator and their representatives access to the Facility to perform such due diligence inspections at times reasonably agreed upon by the parties to avoid disrupting the applicable Facility, its residents and the Employees.

2.2 Licensure. New Operator shall use commercially reasonable efforts to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date. Existing Operator shall fully cooperate with New Operator to take all actions necessary for New Operator to transfer or obtain the new Licenses as required for the operation of the Facility by New Operator as of the Closing Date, and, in that regard, Existing Operator agrees, promptly upon request by New Operator, to execute any reasonably necessary documents or notifications required in connection with such efforts. Existing Operator agrees to promptly provide or make available to New Operator, upon request, to the extent such documentation is within Existing Operator's possession or control, any and all existing documentation requested by New Operator necessary for the issuance of the new Licenses. Existing Operator agrees to use commercially reasonable efforts to cooperate with New Operator in obtaining any other approval from a Governmental Entity that is required as a result of the transactions contemplated hereby. In connection with the transfer of the Facility pursuant to the terms of this Agreement, Existing Operator shall, in a timely manner, furnish a letter to any necessary Governmental Entity stating that Existing Operator's licenses will be relinquished contingent upon the issuance of the Licensure to the New Operator. Existing Operator shall otherwise cooperate with New Operator, to the extent reasonably necessary, in order to facilitate the issuance of the new Licensure and shall not voluntarily surrender its license or Medicare provider agreement. Without limiting the foregoing, Existing Operator hereby authorizes New Operator to file an advance notice of the change of ownership of the Facility not less than thirty (30) days prior to the Closing Date, as required under 28 Pa. Code 51.4; 55 Pa. Code 20.58 and 55 Pa. Code 1101.43(b).

2.3 Patient Funds; Advance Payments.

(a) Prior to the Closing Date, Existing Operator shall prepare a Resident Census Report. Within thirty (30) days following the Closing Date, Existing Operator shall update the Resident Census Report to reflect the residents at the Facility as of the Closing Date.

(b) Prior to the Closing Date, Existing Operator shall prepare a true, correct and complete accounting, properly reconciled, of any Resident Trust Funds then held by Existing Operator for residents at the Facility. On the Closing Date, Existing Operator shall transfer the Resident Trust Funds to bank accounts designated by New Operator, and New Operator shall, in writing, acknowledge receipt of and expressly assume all of Existing Operator's financial and custodial obligations with respect thereto, it being the intent and purpose of this provision that, upon such transfer, Existing Operator will be relieved of all fiduciary and custodial obligation with respect to such Resident Trust Funds and that New Operator will assume all such obligations and be directly accountable to the residents with respect thereto. Within thirty (30) days following the Closing Date, Existing Operator shall update such accounting, properly reconciled, as of the Closing Date. The provisions of this Section 2.3(b) shall survive the Closing.

2.4 Employees.

(a) At a time mutually agreed to by Existing Operator and New Operator (but in no event earlier than fifteen (15) days prior to the Closing Date), New Operator shall notify the individuals employed by Existing Operator or any of their affiliates at the Facility (collectively, the “Employees”, which shall not include any employee of Existing Operator or their affiliates who is employed both to the Facility and any other facilities or operations not included in the Facility) of the transactions contemplated in this Agreement (the “Employee Notification”). Prior to the Employee Notification, New Operator shall not meet or talk to any Employees except as specifically agreed to by Existing Operator in its sole discretion. Following the Employee Notification, New Operator shall be entitled to meet and talk to the Employees at times reasonably agreed upon by the Parties to avoid disrupting the Facility, the residents and the Employees.

(b) Concurrently with the delivery of the Employee Notification, Existing Operator shall notify the Employees employed by Existing Operator or their affiliates that Existing Operator will terminate their employment as of 11:59 p.m. Eastern Time on the day prior to the Closing Date. In New Operator’s sole discretion, New Operator may offer full-time and part-time Employees at the Facility employment with New Operator with the types of benefits offered in New Operator’s sole discretion. Those individuals who receive and accept an offer of employment are referred to herein as the “Transitioned Employees”. Notwithstanding the foregoing, New Operator shall not be obligated to hire any Employee not approved by New Operator, including, without limitation, any Employee who does not meet New Operator’s current standards for employment. Existing Operator shall take such action as required by law necessary for Existing Operator to maintain all liability for non-Transitioned Employees’ health benefits under the Consolidated Omnibus Budget Reconciliation Act.

(c) Notwithstanding the foregoing, New Operator shall offer employment to such number of the Employees, and upon such terms and conditions of employment, so as not to constitute a mass layoff or a plant closing under the Worker Adjustment and Retraining Notification (“WARN”) Act, 29 U.S.C. § 2101 et seq. The Parties do not anticipate that there will be any major employment losses as a consequence of the transactions contemplated by this Agreement that might trigger obligations under the WARN Act, or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as “WARN Obligations”). To the extent that any WARN Obligations might arise with respect to the Employees at the Facility solely as a consequence of the applicable New Operator’s failure to continue employment of a minimum number of Employees of the applicable Existing Operator that results in an employment loss (as defined in the WARN Act) within the applicable window under the WARN Act, such New Operator shall be responsible for any WARN liabilities, losses, or claims arising from such New Operator’s failure to continue to employ the requisite number of Employees as required under the WARN Act. The terms and provisions of this Section 2.4(c) shall survive the Closing.

(d) As soon as practicable following the most recent payroll date after the date hereof and again as soon as practicable following the most recent payroll date prior to Closing (each, a “Payroll Date”), Existing Operator shall deliver to New Operator a schedule (the “Employee Schedule”) setting forth: (1) the name of each of the Employees, (2) the Facility at which they are employed, (3) their positions and rates of pay and all applicable Existing Operator sponsored health benefits plans that each Employee participates in, and (4) Existing Operator’s liability for the Employees’ awarded and unused vacation time as of the Payroll Date, calculated in accordance with Existing Operator’s policies and as required by law (“ETO”). The Employee Schedule shall be updated as of the Closing Date and then attached hereto as Schedule 2.4(e).

(e) At least ten (10) days prior to the Closing Date, New Operator may elect, in its sole discretion, to assume the liability for the ETO of the Transitioned Employees (such elected amount, the “Assumed ETO”). In the event New Operator elect to assume the liability for the Assumed ETO of Transitioned Employees, (i) upon receipt of the payment from Existing Operator, New Operator shall be

responsible for the Assumed ETO of all Transitioned Employees on and after the Closing Date, and (ii) Existing Operator shall pay to New Operator on the Closing Date seventy percent (70%) of the amount of such Assumed ETO. In the event that New Operator elect not to assume the liability for the Assumed ETO, Existing Operator shall pay to each Employee of the Facility, including the Transitioned Employees, on or prior to the first payroll date following the Closing Date, the ETO payable to such Employees in accordance with Existing Operator's employment policies and applicable law. Existing Operator shall be responsible for paying or providing all applicable Employees with all other benefits to be provided to such Employees for all periods prior to the Closing Date.

(f) Intentionally Omitted.

(g) Existing Operator shall remain liable for all group health plan continuation coverage pursuant to the requirements of Section 601, et seq. of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder, as in effect from time to time, and Section 4980B of the Code ("COBRA"), for all Employees who are not Transitioned Employees as it may be required under applicable law. Existing Operator acknowledges and agrees that New Operator is not assuming any of Existing Operator's obligations to such Employees and/or qualified beneficiaries under COBRA or otherwise, except as specifically provided in this Agreement. New Operator shall be liable for all group health plan continuation coverage pursuant to the requirements of COBRA, for all Transitioned Employees who are subsequently terminated by New Operator after the Closing Date.

(h) Nothing in this Agreement shall create any rights in favor of any person not a party hereto, including the Employees, or constitute an employment agreement or condition of employment for any employee of Existing Operator or the New Operator or any Affiliate thereof, nor shall this Agreement be deemed the assignment to or assumption by New Operator of any collective bargaining agreement, employment agreement or terms or conditions of employment (except as set forth herein), and the New Operator shall not assume any liabilities or obligations under any employee benefit plan or defined benefit plan of any Existing Operator or its Affiliates.

(i) Concurrently with the delivery of the Employee Notification, Existing Operator shall deliver notices of the operations transfer contemplated herein (in forms reasonably acceptable to New Operator) to residents and responsible parties, referral sources and vendors.

2.5 Accounts Receivable.

(a) New Operator shall assume responsibility for the billing for and collection of payments on account of services rendered by it at the Facility on and after the Closing Date. Existing Operator shall retain all rights in and title to accounts receivable for services rendered at the Facility prior to the Closing Date (the "Existing Operator's Accounts Receivable") and shall retain full responsibility for the collection thereof. Existing Operator's Accounts Receivable shall include all amounts due to Existing Operator, whether billed or unbilled, prior to the Closing Date, for all services and ancillary services or products provided to any current or former residents at the Facility by Existing Operator prior to the Closing Date and any accounts receivable arising from the rate adjustments which relate to periods prior to the Closing Date even if such adjustments occur after the Closing Date.

(b) All private pay or third party payor payments that designate the dates of service or other identifying data on the remittance received by New Operator from and after the Closing Date shall relate to the period prior to the Closing Date or after the Closing Date, as the case may be, in connection with the account of the resident of the Facility for whom the payment is made in accordance with the dates of service or other identifying data indicated on the remittance, and the applicable New Operator shall remit to the applicable Existing Operator any payment received by such New Operator that applies to Existing

Operator's Accounts Receivable, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by New Operator; provided, however, in the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and within sixty (60) days after the Closing Date, such payment will be first applied to the applicable Existing Operator's Accounts Receivable if properly and fully identified to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' ancillary charges for the month immediately preceding the Closing Date, with any excess to the applicable New Operator. In the event payment is made without remittance advice (or where the remittance advice does not specify the dates of service) and subsequent to the sixtieth (60th) day following the Closing Date, such payment will be applied to the applicable New Operator's accounts receivable, unless the applicable Existing Operator properly and fully identified such payment to New Operator within six (6) days following the Closing Date and updated within thirty (30) days following the Closing Date for residents' and patients' ancillary charges for the month immediately preceding the Closing Date. Notwithstanding anything contained herein to the contrary, advance payments received from private pay residents and patients billed by New Operator shall be retained by New Operator; provided such payments are for services received after the Closing Date. All private pay or third party payor payments received by Existing Operator that designate the dates of service or other identifying data on the remittance from and after the Closing Date shall be remitted by Existing Operator to New Operator, together with a copy of the remittance advice on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by Existing Operator.

(c) In addition, the applicable New Operator shall remit to the Existing Operator any repayment or reimbursement received by New Operator arising out of cost reports filed for the cost reporting period ending prior to the Closing Date. Such remittances shall be made on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by New Operator. Each Existing Operator agrees that any payment, whether received by New Operator from private pay residents and patients or as repayment or reimbursement arising out of cost reports, that pertain to services provided in the period commencing from and after the Closing Date shall be remitted by such Existing Operator to the applicable New Operator on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such repayment or reimbursement by such Existing Operator.

(d) To the extent any Party receives any proceeds from the accounts receivable of the other Party, the Parties acknowledge that the Party receiving the payment belonging to the other Party shall hold the payment in trust. No Party shall have any right to offset with respect to such accounts receivable, and the Party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other on the next to occur of first (1st) day or the fifteenth (15th) day of each calendar month after the Closing Date provided such date is at least five (5) business days following receipt of such payment by the remitting party. For a period of six (6) months following the Closing Date, Existing Operator and New Operator shall provide each other with an accounting by the twentieth (20th) day of each month setting forth all amounts received by either of them during the preceding month with respect to accounts receivable. Nothing herein shall be deemed to limit in any way either party's rights and remedies to recover accounts receivable due and owing to it under the terms of this Agreement.

2.6 Payment of Operating Costs, Prorations and Deposits.

(a) Except as otherwise expressly provided herein, Existing Operator shall be responsible for, and shall pay on a timely basis, claims or charges which are owed to third parties arising from Existing

Operator's use, operation or control of the Facility, including bed taxes, payroll, taxes (including real estate taxes and assessments), insurance premiums, utilities, including water, fuel, gas, oil, heat, electricity and other utilities, operating charges, prepaid service contracts, amounts due under executory obligations, amounts due to any third party vendors, including amounts due under any Operating Agreements, and similar obligations for all periods prior to the Closing Date.

(b) New Operator, to the extent they utilize the services provided by third parties, shall be responsible for, and shall pay on a timely basis, any claims or charges which are due to such third parties arising from the use, operation or control of the Facility from and after the Closing Date.

(c) Revenues and expenses pertaining to utility charges for the billing period in which the Closing takes place, prepaid expenses and like items of revenue or expense attributable to the Facility shall be prorated between Existing Operator and New Operator as of the Closing Date. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to Existing Operator. In general, such prorations shall be made so as to reimburse Existing Operator for actual prepaid expense items, and to charge Existing Operator for prepaid revenue items, to the extent that the same are attributable to periods after the Closing Date.

(d) To the extent any third party utility provider delivers final readings as of the Closing Date, Existing Operator shall be responsible for paying such final invoice amount, which shall be reflected in the Closing Statement as a debit to Existing Operator. Utility charges that are not metered and read on the Closing Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefor.

(e) On the Closing Date, Existing Operator shall remove from the Facility any petty cash and any other funds maintained at or for the Facility immediately prior to the Closing Date, other than Resident Trust Funds, which shall be handled in the manner set forth in Section 2.3.

2.7 Future Settlement. All amounts owing from one party hereto to the other party hereto, excluding amounts in respect of Section 2.3 hereof, that require adjustment after the Closing Date, including without limitation, adjustments to the amount of Assumed ETO paid to New Operator under Section 2.4 hereof and prorations or re-prorations of any claims or charges according to Section 2.6 regardless of whether such claims or charges are included in the Closing Statement, shall be settled within three (3) months after the Closing Date. If, thereafter, a party hereto determines that any further adjustment is to be made, such party shall submit a statement to the owing party setting forth any and all such items and the calculation of the amounts due hereunder. Such statement shall be submitted with appropriate backup materials. If amounts are owing from New Operator to Existing Operator, New Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to Existing Operator or to question or dispute in writing any item thereon. If amounts are determined to be owing from Existing Operator to New Operator, Existing Operator shall have thirty (30) days from the date of receipt of such statement to tender payment to New Operator or to question or dispute in writing any item thereon.

2.8 Medicare, Medicaid and other Third Party Payors.

(a) As of the Closing Date, each applicable New Operator shall assume any and all of each applicable Existing Operator's rights and interests in and to such Existing Operator's Medicare provider numbers and Medicare provider reimbursement agreement, and the applicable New Operator shall secure Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names. Each Existing Operator and each New Operator acknowledges and agrees that New Operator are not expected to have received their "tie in" notices from the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services with respect to such Existing Operator's Medicare provider

agreement or a new Medicare provider agreement as of the Closing Date. Prior to New Operator's receipt of their tie in notices and provider agreements, Existing Operator agrees that New Operator shall be permitted to bill for services performed following the Closing under Existing Operator's Medicare and Medicaid provider numbers, to the extent permitted by applicable law. For any period during which New Operator are billing for services performed following the Closing under Existing Operator's Medicare or Medicaid provider numbers, New Operator shall be responsible for and shall pay directly to the applicable Medicare or Medicaid providers, fiscal intermediaries or other governmental or non-governmental authorities any and all costs associated with New Operator's use of such Medicare or Medicaid provider numbers, including, without limitation, any provider taxes associated therewith. Each Existing Operator agrees to cooperate with the applicable New Operator in the assignment of such Existing Operator's Medicare provider agreements to New Operator and the issuance of a new Medicaid provider agreement to New Operator, including completing those portions of Form 855A which confirm the change of ownership of the applicable Facility and the assignment by such Existing Operator of such Existing Operator's Medicare provider agreements to the applicable New Operator and providing to New Operator or any Governmental Entity any information requested to effect the transfer of such Existing Operator's Medicare provider numbers or the issuance to the applicable New Operator of a new Medicaid provider number and Medicaid provider reimbursement agreement. New Operator expressly does not assume, and the assumption by New Operator of each Existing Operator's Medicare provider agreements shall not be construed to impose upon New Operator, any obligations under such Existing Operator's Medicare or Medicaid provider agreements arising with respect to occurrences during the period before the Closing Date.

(b) Nothing set forth herein shall be deemed to limit in any way (i) Existing Operator's right, title, and interest in their cash and accounts receivable for services rendered prior to the Closing Date, which cash and accounts receivable are property of Existing Operator and shall be reimbursed or retained, as applicable, in accordance herewith, and (ii) Existing Operator's ability to complete any remaining billing for services rendered prior to the Closing Date under Existing Operator's Medicare and Medicaid provider numbers. To the extent permitted by such contracts and Legal Requirements, New Operator agrees that (i) following receipt by each New Operator of its "tie in" notice with respect to the applicable Existing Operator's Medicare provider agreement, such Existing Operator may continue to bill under such Medicare provider agreement for services rendered prior to the Closing Date, and (ii) the applicable Existing Operator may file for reimbursable bad debt on the applicable New Operator's Medicare cost report for the first cost report year following the Closing Date.

(c) Existing Operator and New Operator understand that reimbursements from Medicare or Medicaid for items/services provided/rendered after the Closing Date may continue to be issued to Existing Operator for a period of time. If and to the extent they include payment for periods on and after the Closing Date and New Operator is entitled to such payments in accordance with the priority for such remittances as set forth in Section 2.5(b) of this Agreement, Existing Operator shall forward all such Medicare or Medicaid reimbursements in accordance with Section 2.5(b) to the accounts designated in writing by New Operator to Existing Operator until such time as reimbursements are remitted directly to New Operator by Medicare and Medicaid. New Operator, in their reasonable discretion, may approve an alternative method of receiving such funds. Existing Operator shall, or shall cause the applicable affiliates of Existing Operator to, prepare and file with the appropriate governmental authorities final cost reports for the Facility within the time frame required by law.

(d) From and after the Closing Date until any Medicaid managed care provider plans are updated with New Operator's provider information, New Operator agrees that they shall not bill for services provided on and after the Closing Date under Existing Operator's Medicaid managed care provider plans

using Existing Operator's provider information. With respect to any commercial managed care provider plans, New Operator acknowledge and agree that they will obtain their own commercial managed care provider plans and shall not be permitted to bill under Existing Operator's commercial managed care provider plans. Prior to the Closing, Existing Operator agrees to provide New Operator with contact information for all appropriate points of contact for all managed care and HMO third party payors of the Facility so that New Operator can discuss obtaining its own managed care and HMO contracts with respect to such third party payors.

2.9 Facility Records. As of the Closing Date, Existing Operator shall provide the Facility Records to New Operator by leaving all such Facility Records at the Facility, provided, however, that Existing Operator shall be entitled to keep such copies of all Facility Records as they may deem necessary and as permitted by law. New Operator will maintain the Facility Records, to the extent required by law. New Operator shall allow Existing Operator and its affiliates, agents and representatives, at Existing Operator's sole cost and expense, to have reasonable access during regular business hours upon reasonable prior written notice and to make copies of, the Facility Records, to the extent reasonably necessary to enable Existing Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, to verify accounts receivable collections due Existing Operator, and to perform similar matters. From and after the Closing Date, New Operator shall be solely responsible for caring for the residents of the Facility in accordance with their contractual rights and in accordance with law. New Operator shall preserve the existence and maintain the confidentiality of the resident records transferred to New Operator pursuant to this Agreement in accordance with federal and state law.

2.10 Deposits. All deposits, if any, held by a utility or other party to an executory contract shall remain the property of Existing Operator, and New Operator shall be required to post their own replacement security deposits, including, but not limited to, any security deposits required under any Assumed Facility Agreements.

2.11 Compliance with Laws. The Parties shall comply in all material respects with all Legal Requirements, and with all applicable rules and regulations of all governmental authorities, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

2.12 Accounts Payable. New Operator agrees to assume all accounts payable for supplies and other goods or equipment ordered under any Assumed Facility Agreement and any supplies ordered in the ordinary course of business and received at the Facility on and subsequent to the Closing Date, and for services ordered under any Assumed Facility Agreement or in the ordinary course of business and rendered and performed on and subsequent to the Closing Date. Existing Operator shall be responsible for all other accounts payable for the period prior to the Closing Date.

2.13 Inspections and Surveys.

(a) Existing Operator shall be responsible for the payment of all fines and penalties imposed by any Governmental Entity which fines and penalties arise in connection with any regulatory investigations, inspections or surveys occurring either prior to or on and after the Closing Date and which are related to events that occurred at or operations of the Facility prior to the Closing Date. New Operator shall be responsible for the payment of all fines and penalties imposed by Governmental Entities which fines and penalties arise in connection with any regulatory inspections or surveys on or after the Closing Date and which are related to the operations of the Facility on or after the Closing Date. Existing Operator shall assist, as appropriate, New Operator in establishing any plans of correction or other responses to be submitted by New Operator after the Closing Date for surveys or inspections that relate to events or circumstances occurring both prior to and on or after the Closing Date within the time allowed for such submissions; however, New Operator's determination as to such plan of correction or other submission shall

be controlling, and New Operator shall be responsible for and bear all costs and expenses (including fines for any delays in submission) as a result of implementing such plan of correction or other submission. Other than fines and penalties related specifically to incidents that occurred prior to the Closing Date, in no event shall Existing Operator be responsible for any fines, penalties or other costs or expenses related to any regulatory inspections or surveys on or after the Closing Date that relate to a physical condition or operational practice at the Facility that existed both prior to and on or after the Closing Date and of which New Operator intentionally fails to cure; provided that the foregoing shall not limit any representation, warranty or covenant of Existing Operator hereunder.

(b) Existing Operator shall provide to New Operator, promptly after receipt of the same, any survey reports, waivers of deficiencies, plans of correction or any other investigation reports issued with respect to the Facility between the Effective Date and the Closing Date and received by Existing Operator. Existing Operator shall notify New Operator immediately upon the occurrence of any survey or investigation of the Facility, regardless of whether the applicable Governmental Entity has issued a formal report or finding (such notice may be done verbally by telephone if promptly followed by written notification).

2.14 Operating Agreements.

(a) With respect to the Resident Agreements, as of the Closing Date, Existing Operator shall assign to New Operator, and New Operator shall accept assignment of the Resident Agreements subject to the representation and warranty of Existing Operator that none of such Residency Agreements (i) deviate in any material respect from the standard form of resident agreement used by Existing Operator at the Facility, (ii) entitle any private pay resident to care at no cost, nor (iii) entitle any resident to care for a reduced cost from that charged to other private pay residents of the Facility, other than discounts that may be offered to a resident in the ordinary course of business.

(b) Set forth on Schedule 2.14(b) is a true, complete, and correct schedule of all written contracts, leases, subleases, agreements, commitments and other arrangements, and any amendments or modifications thereof, used or useful exclusively in the operation of the Facility (collectively, the "Facility Agreements") as of the Effective Date (it being understood and agreed that Existing Operator will use their commercially reasonable efforts to ensure such list is true, complete and correct and that such list shall not include any national contracts entered into by any Existing Operator or any affiliate of Existing Operator that relate both to the Facility and any other facilities or operations not included in the Facility (collectively, the "National Contracts")). Existing Operator shall not assign and New Operator shall not assume any of the Facility Agreements. On or before the date that is thirty (30) days prior to the Closing Date, New Operator will provide Existing Operator with a list of the Assumable Contracts, if any, that the New Operator desire to assume as of the Closing Date; provided that New Operator's failure to deliver such list within such time period shall be deemed as an election by New Operator not to assume any Assumable Contracts. Any such Assumable Contracts that New Operator desire to assume shall be referred to herein as "Assumed Facility Agreements". All Facility Agreements that are (i) not Assumed Facility Agreements or (ii) which are not assignable by their terms and accordingly cannot be included in the Assumed Facility Agreements or (iii) which are designated by New Operator as Assumed Facility Agreements but for which consent to assign cannot be obtained by Existing Operator by Closing shall be deemed "Rejected Facility Agreements".

(c) With respect to the Assumed Facility Agreements, as of the Closing Date:

(i) The same shall be assigned to, and assumed by, New Operator pursuant to the Assignment and Assumption Agreements.

(ii) If required by the applicable Assumed Facility Agreement, the other party (i.e. vendor, etc.) shall, utilizing a form reasonably acceptable to Existing Operator and New Operator, be notified by Existing Operator that the applicable Assumed Facility Agreement is being assigned to, and assumed by, New Operator. Such assumption shall not be deemed to make New Operator liable for any obligations related to the Assumed Facility Agreement prior to the Closing Date.

(iii) Existing Operator shall use commercially reasonable efforts to obtain the consent of the vendors of each Assumed Facility Agreement that requires consent to assignment and shall provide New Operator with periodic status reports with respect thereto.

(d) With respect to any Facility Agreement that is not assignable or for which the other party's (i.e. lessor, etc.) consent to assign is required but cannot be obtained, the other party (i.e. vendor, etc.) shall be notified by Existing Operator that such Facility Agreement shall be terminated as of the Closing and that any liability which has accrued prior to the Closing remains the sole responsibility of Existing Operator and that none of the Facility or New Operator are liable for payment or performance on account thereof. Existing Operator shall be liable for all penalties and fees associated with such terminations.

(e) Intentionally Omitted.

(f) Upon written request from New Operator prior to Closing, Existing Operator agrees that they shall continue, for a period of sixty (60) days following the Closing Date, as the named parties on the following Facility Agreements to the extent such Facility Agreements are Rejected Facility Agreements:

- (i) Any telephone service agreements;
- (ii) Any data or voice circuit agreements; and
- (iii) Any cable or satellite television contracts.

Such Facility Agreements shall continue following the Closing Date in a manner and at levels consistent with how such services were provided to the Facility immediately prior to the Closing Date. In the event New Operator elect to have such Facility Agreements continue following the Closing Date, New Operator shall pay Existing Operator at Closing an amount equal to the "prevailing rate" (as defined herein) for such sixty (60) day period for the service to be provided to New Operator, which amount shall be subject to adjustment after the Closing Date in accordance with Section 2.8 based on actual charges incurred by Existing Operator for such services with respect to such sixty (60) day period. For purposes hereof, the term "prevailing rate" means the then current rate charged to Existing Operator by the provider of such utilities, including any applicable taxes and other charges. New Operator shall use its best efforts to obtain these services directly from the current service provider or another service provider prior to the end of the 60-day term, and Existing Operator shall have the right to terminate any applicable Facility Agreements following the end of such 60-day term.

2.15 Remittances, Mail and Other Communications. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by Existing Operator or their affiliates at any time after the Closing Date relating to periods of operations on and after the Closing Date shall be promptly turned over to New Operator. All remittances, mail and other communications relating to the operations of the Facility or the Operating Agreements received by New Operator or their affiliates at any time after the Closing Date relating to periods of operations prior to the Closing Date shall be promptly turned over to Existing Operator.

2.16 Obligations of New Operator. Any obligation this Agreement imposed upon New Operator shall not preclude New Operator from also imposing that obligation upon, or implementing that obligation through a management company; provided, however, that it is expressly understood and agreed that nothing contained in this sentence shall relieve New Operator from their liability for such obligations under this Agreement.

2.17 Excluded Liabilities. Except as specifically and unambiguously provided for in this Agreement, New Operator shall not assume any liabilities or obligations of Existing Operator whatsoever, fixed or contingent, whether known or unknown, including, without limitation, any liabilities or obligations related to or arising from Existing Operator's operation of the Facility prior to the Closing Date (collectively, the "Excluded Liabilities"). Existing Operator acknowledge that Existing Operator are retaining, and shall be liable for all of the Excluded Liabilities, which Existing Operator will pay, discharge and perform, as applicable, in the ordinary course of business. Existing Operator shall retain all of its liabilities and obligations of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of or by reason of the ownership or operation of the Assets, the Facility and/or the Business prior to the Closing Date. Except to the extent expressly and unambiguously expressed herein to the contrary, New Operator is not the successor to liability of Existing Operator and is not herein assuming any liability or detriment from, arising from, out of, or relating to, Transferor's ownership of the Assets, the Facility or any activity of Existing Operator prior to the Closing Date or conduct of Existing Operator after the Closing Date. Transferee does not and shall not assume any payable of Existing Operator, governmental claim or charge, liability of any governmental claim or charge, liability for any general liability, malpractice, professional liability, resident rights violations, or violation of employee rights or contracts, whether such claims arise in Law, equity, in tort, contract, from statute, common law, or from any other source or precedent. Existing Operator shall retain all of the foregoing liabilities and obligations (the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Existing Operator shall retain and New Operator shall not assume, (i) any Medicaid and/or Medicare liabilities for the period prior to the Closing, all of which Existing Operator agrees to satisfy in full as and when due; (ii) accrued expenses which were incurred in the ordinary course of business of the Facility; (iii) any indebtedness of Existing Operator; (iv) Liens affecting the Assets; (v) any liability or obligation of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Facility prior to the Closing; (vi) any violation of the Worker Adjustment and Retraining Notification Act or similar laws (the "WARN Act") with respect to the operation of the Facility as a result of the consummation of the transactions contemplated by this Agreement; (vi) any liability with respect to the employees or former employees, or both; (vii) any liabilities of Existing Operator that relate to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment for periods relating prior to the Closing Date; (viii) any RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement; (ix) any liability or obligation for any funds received from the Medicare Accelerated and Advance Payment Program or any Payroll Protection Program Loans or any state equivalent and/or stimulus money received by the Facility and/or Existing Operator from the state and/or federal government or any other source and/or any Department of Health and Human Services stimulus monies; (x) any and all cost, expense, loss and/or liability in connection with the DOJ Proceeding and/or DOL Proceeding (as defined in Section 4.4) or the results thereof; and/or (xi) any liability or obligation

of Existing Operator arising out of or based upon Existing Operator's ownership and operation of the Excluded Assets.

2.18 Computer Systems. Prior to the Closing Date, the parties will work cooperatively to develop a plan to put New Operator's operating systems in place at the Facility in order to insure orderly transition of the operations at the Facility, and each Party will use its commercially reasonable efforts to coordinate logistics relating to the implementation of New Operator's operating systems at the Facility.

2.19 Intentionally Omitted.

2.20 Intentionally Omitted.

2.21 Interim Operations. Between the Effective Date and the Closing Date, Existing Operator shall operate the Facility in the ordinary course of business and in materially the same manner as it has heretofore operated the Facility. Without limiting the generality of the preceding sentence, Existing Operator shall not: (i) sell, transfer or otherwise dispose of any furniture, fixtures or equipment constituting Assets from the Facility except in the ordinary course of business consistent with the prior practices of Existing Operator, in which event, Existing Operator shall replace the same with similar property of materially equal quality, value and usefulness (except with respect to disposed property that has no useful value); (ii) transfer residents from the Facility to a nursing facility owned, operated or managed by Existing Operator or any of its Affiliates, where such transfer is not in the ordinary course of business and not (a) for reasons relating to the health and well-being of the resident transferred, (b) for the election to transfer by the resident or his or her family or attorney-in-fact, or (c) otherwise required by applicable Legal Requirements, (iii) maintain all existing policies of insurance (or comparable policies) of or relating to the Assets and the Facility in full force and effect; (iv) use its commercially reasonable efforts to preserve Existing Operator's existing relationships with suppliers, distributors, customers and others having business relations with Existing Operator such that the Facility will not be impaired; (v) refrain from delaying such repair and/or replacement as a result of the pending transfer; (vi) use its commercially reasonable efforts to keep available the services of the present officers and employees of Existing Operator involved in the day to day operation of the Facility; (vii) use its commercially reasonable efforts to maintain the quality of care provided to residents; (viii) replace inventory, supplies and equipment consistent with past practice; (ix) market, invoice and collect revenue consistent with past practice; (x) use its commercially reasonable efforts to maintain resident census and not permit a drop in census or case mix which would materially impact the Facility revenue; (xi) avoid immediate jeopardy violations, maintain provider agreements without suspension, qualification or limitation or revocation, and avoid what is commonly known as a "ban on admission" or imposition of civil money penalties or the providing of substandard care; and (xii) otherwise operate the Facility so as not to cause a breach of any covenant or warranty contained in this OTA.

SECTION 3 TIME OF CLOSING

The Closing Date shall occur on the first (1st) day of the month following the date on which the Pennsylvania Department of Health ("Pa. DOH") and/or the Pennsylvania Department of Human Services ("Pa. DHS" and, collectively, the "Department") issues written approval for the issuance of the operating Licenses to New Operator for operation of the Facility and the conditions set forth in Section 1.3 are

satisfied. Notwithstanding anything to the contrary contained herein, if the Closing has not occurred by April 1, 2024 (the "Outside Date"), then this Agreement shall automatically terminate at 11:59 p.m. ET on the Outside Date, in which event neither Party shall have any further right or obligation under this Agreement except for those obligations that survive such termination as expressly set forth herein.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF EXISTING OPERATOR

Existing Operator hereby represent and warrant as follows to New Operator:

4.1 Authority, Validity and Binding Effect. Each Existing Operator has all necessary limited liability company power and authority to carry on its business as it is now being conducted. Each Existing Operator is duly organized and in good standing under the laws of the Commonwealth of Pennsylvania. Each Existing Operator is authorized to do business in the Commonwealth of Pennsylvania. Each Existing Operator has all necessary limited liability company power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individuals executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Existing Operator and is enforceable against Existing Operator in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, moratorium, liquidation, reorganization or other similar laws affecting the enforcement of creditors' rights in general.

4.2 No Defaults. The execution and delivery of this Agreement and any documents contemplated hereby by Existing Operator, and the performance of their obligations hereunder, do not and will not:

(a) conflict with or result in any material breach of the provisions of, or constitute a default under the certificate of formation or limited liability company agreement of any Existing Operator;

(b) violate any material restriction to which any Existing Operator is subject or, without the giving of notice, passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any material license, authorization, permit, or other material agreement or instrument to which any Existing Operator is a party, which will not be satisfied or terminated with respect to the Facility prior to the Closing Date as a result of the transactions contemplated by this Agreement or result in the termination of any such instrument or termination of any provisions in such instruments that will result in the impairment of any of Existing Operator's rights under such instruments; and

(c) constitute a violation of any applicable material resolution, rule, regulation, law, statute or ordinance of any Governmental Entity, or any judgment, decree, writ, injunction or order of any court to which Existing Operator is subject or by which their assets are bound, or any credit agreement or other financing arrangement to which any Existing Operator is a party.

4.3 License and Governmental Permits.

(a) The Facility is a duly licensed skilled nursing Facility pursuant to a current unrestricted and unconditional license for the 104 skilled nursing beds and, has current provider agreements under Titles XVIII and XIX of the Social Security Act (the "Medicaid/Medicare Programs") for reimbursement of long term nursing care. All rights, properties and assets required by PADOH or CMS for the operation of the Facility is either owned by Existing Operator or licensed or leased to Existing Operator and are included in the assets

being transferred under this Agreement. The Existing Operator is currently established and licensed by PADOH to operate the Facility pursuant to the Laws of the State of Pennsylvania. The Facility participates as a provider in the Medicaid/Medicare Programs pursuant to current Medicare and Medicaid provider agreements and the Existing Operator is in compliance with all requirements for participation in the Medicaid/Medicare Programs. Existing Operator has neither received written notice nor has actual knowledge of any action threatened or recommended by any state or federal agency to terminate, suspend, qualify, or limit the participation of the Facility in the Medicaid/Medicare Programs. Existing Operator and the Facility have all licenses, certifications, certificates of need, governmental licenses or other licenses (including, without limitation, a valid certificate of occupancy for the Facility allowing the operation of a skilled nursing facility), waivers, permits and other authorizations required to be maintained by Existing Operator for the legal use occupancy and operation of the Facility ("**Permits**"), from appropriate federal, state and/or local agencies which are material to the operation of the Facility, all of which are now and as of the Closing shall be in good standing and in full force and effect or acceptable to New Operator. Existing Operator owns and/or possess, and hold free from restrictions or conflicts with the rights of others, all Permits and has operated the Facility in such a manner that the Permits remain in full force and effect. Existing Operator has no actual knowledge of any facts relating to the Facility that would preclude or limit New Operator from operating the Facility and using all the beds of the Facility as they are currently licensed for the purpose for which they are licensed.

(b) Except as set forth on Exhibit 4.3(b) there are no enforcement actions pending and/or threatened against the Facility and/or Existing Operator due to non-compliance with a condition of participation or repeat deficiencies under State licensing laws and Existing Operator has received no written notification that Existing Operator, the Facility or any of its practices pertaining to the Facility is in violation of any permit or any Law, rule, regulation or order. Existing Operator has not has any deficiencies on its most recent survey (standard or complaint) that would result in a denial of payment for new admissions, nor been cited with any substandard quality of care deficiency (as that term is defined in Part 488 of 42 C.F.R.) on its most recent survey.

(c) Existing Operator does not have knowledge and has not received written notice of any violations of the Life Safety Code, fire, building and other applicable codes, ordinances, rules, regulations and current zoning requirements that have not been cured or for which Existing Operator has not received a waiver from PADOH.

(d) Each Permit with respect to the Facility (i) has not been (A) transferred to any location other than the Facility or (B) pledged as collateral security, (ii) is and will continue after the Closing to be held free from restrictions or known conflicts that would materially impair the use or operation of such Facility as intended, and (iii) is not provisional, probationary, or restricted in any way, except in instances where a Governmental Entity has issued a provisional, probationary or restricted license, permit or certification in the ordinary course pending issuance of a final license, permit or certification.

4.4 Litigation, Etc. Except for the DOJ Proceeding, the DOL Proceeding (as defined below) or as otherwise disclosed on Schedule 4.4 attached hereto, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) by or before any Governmental Entity pending against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation pending with respect to the Existing Operator, the Facility or the business of the Facility. Except as disclosed on Schedule 4.4 attached hereto and resident claims that are covered under Existing Operator's liability insurance, there is no claim, action, suit or other legal, administrative, arbitration or other proceeding or investigation of any kind, at law or in equity or admiralty (including actions or proceedings seeking injunctive relief) threatened against Existing Operator that pertains to the Facility nor any order, decree or judgment except as noted in this Agreement or any governmental investigation, threatened with respect to the Existing Operator, the Facility or the business of the Facility. Existing Operator is not a party to or subject to or in material default under any contract, lease or other agreement, judgment, order or decree of any Governmental Entity, or any settlement agreement that pertains to the Facility or suffered any damage, destruction or loss which, in any case or in the aggregate, has had or likely will have a materially adverse effect on the assets of Existing Operator or the Facility. Notwithstanding anything to the contrary contained herein, Existing Operator has informed New Operator of the pending litigation by the United States Department of Labor against the Existing Operator and certain Affiliates of Existing Operator filed in the U.S. District Court for the Western District of Pennsylvania, Civil Action No. 2:18-cv-01608-WSS (the "DOL Proceeding").

4.5 Occupancy. No persons (other than Existing Operator and the residents of the Facility) have a right to use or occupy any portion of the Facility.

4.6 Title.

(a) Existing Operator has good and marketable title to the Assets and Existing Operator is the true and lawful owner of, and owns all right, title and interest in and to, all of the Assets, free and clear of all pledges, mortgages, liens, charges, security interests, encumbrances, restrictions, lease, license, easement, liability or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, except those imperfections of title and encumbrances, if any, which, individually or in the aggregate, do not interfere with the continued or efficient use of the Assets in the conduct of the operations of the Facility as a skilled nursing facility with 104 beds. Upon the sale of the Assets to New Operator pursuant to this Agreement, (a) all right, title and interest in and to all of such Assets, free and clear of all Liens, will pass to New Operator on the Closing Date and (b) all of the Assumed Contracts and assignable Permits included in the Assets shall be validly assigned to New Operator and, except to the extent thereafter amended by New Operator, New Operator shall have all of the rights and privileges thereunder after the Closing Date to the same extent as though New Operator were the original party thereto. No person or entity has any right to assert any Lien in any amount against any of the Assets.

(b) Existing Operator has not received any notice or has actual knowledge that the Facility is unsuitable for its intended purpose.

4.7 Condition of Assets. Except in the ordinary course of business and consistent with past practices, and then only in the event the same is replaced, nothing individually or in the aggregate comprising a material portion of the assets shall be sold, transferred, leased to others or wasted and Existing Operator shall not otherwise dispose of any assets or anything constituting a portion of the assets, or cancel or compromise any debt or claim, or waive or release any right of substantial value constituting a part of or relating to all or any material part of the Assets. There are at the Facility a number of beds equal to the maximum bed capacity as permitted under the Facility license. To Existing Operator's knowledge, for each such bed, there also exist the minimum furnishings, fixtures and other accessories required by PADOH and all state, local or federal laws or regulations applicable to the Facility. There is a sprinkler system at the Facility and, except as disclosed on Schedule 4.7 hereto, to Existing Operator's knowledge, the sprinkler system is in full operational compliance with all applicable requirements.

4.8 Taxes. Except as disclosed on Exhibit 4.9, there are no unpaid taxes or assessments that are or could become a Lien on any of the Assets. Existing Operator has withheld all federal, state, and local taxes that are required to have been withheld from wages of employees of Existing Operator and has paid over all such taxes in accordance with applicable statutory provisions. Existing Operator has paid when due all sales, excise, property, unemployment, or other taxes required to be paid and timely filed all returns required to be filed with respect thereto. Such returns are true, correct, and complete. Existing Operator shall timely file all tax returns relating to the Facility prior to the Closing Date and timely pay all such taxes when and as due, to the extent payment is not required sooner hereunder.

4.9 Benefit Plans. Except as otherwise set forth in Exhibit 4.10:

(a) Existing Operator does not currently sponsor, maintain or participate in or is required to contribute to or accrue a benefit for any employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), any multiemployer plan ("Multiemployer Plans") as defined in Section 3(37)(A) or (D) of ERISA, any incentive compensation plan, bonus plan, deferred compensation agreement or arrangement, stock option, stock bonus, stock purchase plan, post-retirement medical benefits, post-retirement life insurance benefits or severance benefits or to any other employee benefit plan (whether or not subject to ERISA), program or arrangement of any kind whatsoever which provides or is obligated to provide any kind of benefit (such plans, benefit programs and agreements (excluding Multiemployer Plans) are collectively referred to herein as the "Benefit Plans").

(b) Each Benefit Plan is a welfare benefit plan (as defined in Section (3)(1) of ERISA) is either (i) unfunded or (ii) funded through insurance contracts.

(c) Existing Operator has not committed any act or acts prior to or as a result of Closing which has effected, or could be reasonably expected to effect, a partial or complete withdrawal as such terms are defined under ERISA from any Multiemployer Plan.

(d) Existing Operator has listed in Exhibit 4.10 and made available to New Operator, or will make available to New Operator prior to the Closing, true, complete and correct copies of (i) all Benefit Plans (including amendments); (ii) all summary plan descriptions (whether or not required to be furnished under ERISA); (iii) all latest Annual Report forms filed with respect to any such Benefit Plan; (iv) the most recent actuarial valuation; and (v) determination letters received from the Internal Revenue Service with respect to any such Benefit Plan, except with respect to the Multiemployer Plans.

(e) All obligations of Existing Operator, whether arising by operation of law, by contract or by past custom, for payments to trusts or other funds or to any Governmental Entity or to any Benefit Plan or Multiemployer Plan have been paid, or adequate accruals for such payments have been made by Existing Operator on its books of account as of December 31, 2022, except accruals for such payments attributable solely to events occurring subsequent to December 31, 2022, all of which accruals will have been made by Existing Operator on its books of account as of the Closing Date.

(f) The Benefit Plans and related trust agreements, if any, listed in Schedule 4.9, are valid and in full force and effect and comply with the provisions of ERISA, the Internal Revenue Code of 1986 (the "Code") and all other applicable laws and regulations.

(g) As to each Benefit Plan for which an Annual Report (IRS Form 5500), including schedules, was filed by Existing Operator under ERISA or the Code, no liabilities with respect to any such Benefit Plan existed on the date of the financial statements contained in the most recent Annual Report except as disclosed therein, and no adverse change has occurred with respect to the financial statements covered by such Annual Report since the date thereof. Existing Operator has made or will accrue on its final balance sheet all required contributions and other payments due to its employees or pursuant to each and every Benefit Plan prior to Closing. New Operator shall not assume any Benefit Plan of Existing Operator.

4.10 Labor Matters. Except as and to the extent set forth in Exhibit 4.10:

(a) no collective bargaining agreement presently covers (nor has any, in the past three years covered) any employees of Existing Operator, nor are any currently being negotiated by Existing Operator and, no attempt to organize any group or all of the employees of Existing Operator have been made or proposed and is currently outstanding;

(b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the knowledge of Existing Operator, threatened, between Existing Operator and any of its employees, and Existing Operator has not experienced any such controversy, strike, slowdown or work stoppage within the past three years;

(c) Existing Operator is currently in material compliance with all applicable laws relating to the employment of labor, including those related to wages, hours, collective bargaining, and the payment and withholding of taxes and other sums as required by the appropriate Governmental Entity, and has withheld and paid to the appropriate Governmental Entity or is holding for payment not yet due to such Governmental Entity all amounts required to be withheld from employees of Existing Operator and Existing Operator is not liable for any arrears of wages,

taxes, penalties or other sums for failure to comply with any of the foregoing, and Existing Operator has paid in full to all its employees or adequately accrued for in accordance with GAAP all wages, salaries, commissions, bonuses, vacation, benefits and other compensation due to or on behalf of such employees;

(d) There is no claim with respect to payment of wages, salary or overtime pay that has been asserted and is now pending or, to the knowledge of Existing Operator, threatened with respect to any persons currently or formerly employed by Existing Operator;

(e) Existing Operator is not a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices;

(f) There is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted and is now pending or, threatened, with respect to Existing Operator;

(g) There is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted and is now pending or, threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Entity in any jurisdiction in which Existing Operator has employed or currently employs any person; and

(h) Upon request, Existing Operator shall provide a true and accurate list to New Operator or its designee setting forth the names, positions, and annual salaries or wage rates and bonus and other compensation arrangements as of the end of the last pay period prior to the request for all full and part-time employees of the Existing Operator and indicating whether each employee is part or full time.

4.11 Liens. All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies for the development and construction of the Facility and/or Assets have been paid, or prior to Closing shall be paid, whether the work is in progress or completed, for all work performed, material, supplies and the like up to and including the Closing Date, and there are no claims against the Existing Operator, the Facility, or any of the Assets in connection therewith which may give rise to a mechanic's lien against the Facility, the Assets or any portion thereto.

4.12 Improvements. No assessments for public improvements have been made against the Facility which remain unpaid, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets, roads, sidewalks and curbs and, none have been proposed or are pending.

4.13 Insurance. Exhibit 4.13 sets forth a true, correct and complete list of all general liability, professional liability, fire, casualty, fidelity, workers' compensation and other insurance policies currently held by or on behalf of Existing Operator relating to the Facility, and a description of any self-insurance arrangements by or affecting the Facility, including any reserves established thereunder. Exhibit 4.13 sets forth with specificity (A) the nature and extent of the coverage provided hereunder, (B) the name of the insurance company which issued the

same, (C) the expiration date thereof, and (D) the total premiums payable and paid thereunder. Each of said policies is in full force and effect and shall be maintained by Existing Operator in full force and effect until the Closing, and all premiums due thereunder have been paid and shall be paid by Existing Operator until the Closing. No written notice has been received from the insurance company which issued any of said policies stating in effect that such policy will not be renewed or will be renewed at a higher premium than is presently payable thereof or requesting the performance of any structural or other material repairs or alterations to the Facility.

4.14 Environmental Laws.

(a) Existing Operator does not have knowledge of and has not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or Release of any Hazardous Substance at the Facility, which Hazardous Substances were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise handled at, or transported or released from the Facility, or regarding compliance with Environmental Laws. Existing Operator has not received any written notice of any other claim, demand or action by any individual or entity alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or Release of any Hazardous Substances at, on, under, in, to or from the Facility or real property or in connection with any operations or activities of Existing Operator thereat.

(b) For purposes of this Agreement, the term “Environmental Laws” shall mean any applicable statutes, ordinances, directives or other written, published laws, any written, published rules or regulations, orders, guidelines or policies, and any licenses, permits, orders, judgments, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any Governmental Entity, relating to pollution or protection of public health or the environment, or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, or Release of any Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws enacted, promulgated or lawfully issued by any Governmental Entity.

(c) For purposes of this Agreement, the term “Hazardous Substances” shall mean any pollutants, contaminants, substances, chemicals, carcinogens, wastes, dangerous wastes, or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including, but not limited to, petroleum and its derivatives, PCBs, asbestos, radioactive materials, waste waters, sludge, slag and any other substance, material or waste), as defined in or regulated by any Environmental Laws or as determined by any Governmental Entity.

(d) For purposes of this Agreement, the term “Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migration, dumping or disposing into the environment.

(e) Existing Operator has not installed any underground storage tanks on or adjacent to the Facility, and there are no underground storage tanks on the real estate portion of the Existing Operator's assets.

(f) All sewage from the Existing Operator's Assets is being lawfully discharged into the municipal system.

4.15 Compliance with Laws. Except with respect to the DOJ Proceeding or as disclosed in Schedule 4.4: There is not pending or threatened any audit, proceeding or investigation under the Medicare or Medicaid programs involving the Facility or its officers, directors or employees. Without limiting the generality of the foregoing, the same shall include RAC, ZPIC and MAC audits as well as any investigation from a governmental entity, quasi governmental entity, or an entity acting with authority of the foregoing or by a whistleblower or other private citizen claiming a violation of a healthcare related statute or a violation of the Medicare or Medicaid or other third party provider agreement. Existing Operator further represents that there have been no adjudications or notices of Medicare or Medicaid fraud or abuse relating to the operation of the Facility, nor to Existing Operator's knowledge are there any conditions at the Facility which reach the level of fraud or abuse within the regulations governing either the Medicare or Medicaid program or under relevant State or Federal Laws.

Existing Operator is not a target of, participant in, or subject to any action, proceeding, suit, audit, investigation or sanction by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any patient or resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medicaid/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could reasonably be expected to have a Material Adverse Effect on Existing Operator, or the operation of the Facility, including the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a Permit, or affect Existing Operator's participation in the Medicare, Medicaid, or other third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor has any such action, proceeding, suit, investigation or audit been threatened.

Existing Operator, the Facility and the operation thereof is in compliance (without waivers) and as of the Closing Date will be in compliance (without waivers) with (i) all applicable municipal, county, state and federal laws, regulations, ordinances, standards, policies, rules, restrictions and orders, including without limitation, all health, building, fire and zoning ordinances and life safety codes and the Americans with Disabilities Act, as the same may be amended, including quality and safety standards; (ii) accepted professional standards and principles that apply to the provision of services at the Facility; (iii) federal, state or local laws, rules, regulations or published interpretations or policies relating to the prevention of fraud and abuse; (iv) insurance, reimbursement and cost reporting requirements, government payment

program requirements; and (v) requirements relating to the Facility's physical structure and environment, licensing, quality and adequacy of nursing facility care, distributions of pharmaceuticals, rate setting, equipment, personnel and operating policies. The Property has been and is presently used and operated in compliance in all material respects with, and in no material way violates any applicable statute, law, regulation, rule, licensing requirement, ordinance, order or permit of any kind whatsoever affecting the Property or any part thereof, including without limitation, any PADOH laws, Environmental Laws, and any rules or regulations promulgated thereunder, as well as any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, nondiscrimination, health, safety, pensions and employee benefits.

Existing Operator has not received written notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over New Operator or otherwise to rework or redesign the Facility so as to conform to or comply with any existing law, code or standard which has not been fully satisfied prior to the Effective Date or which will not be satisfied prior to the Closing Date.

All billing practices of Existing Operator to all third party payors, including the Medicare and Medicaid programs and private insurance companies, have been in compliance with all applicable laws, regulations and policies of such third party payors and the Medicaid and Medicare programs.

Existing Operator has instituted, and the Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable guidelines established by the Health Care Authorities.

Existing Operator is in compliance in all material respects with the Health Care Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder.

Neither Existing Operator nor any of its affiliates have provided any incentives to contracted provider networks or providers that have violated any Applicable Law with respect to inducing, directly or indirectly, such contracted provider networks or providers to refer patients to the Facility. Existing Operator and the Facility are, and at all relevant times have been, in compliance with all applicable state and federal anti-kickback, self-referral and/or patient brokering statutes, the Stark law, the federal False Claims Act and any state law prohibiting kickbacks or certain referrals relating or applicable to Medicare or any other state or federal health care programs. In addition, Existing Operator, the Business and the Facility are, and at all relevant times have been, in compliance with all Applicable Laws pertaining to (i) billing to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud and (ii) collection agencies and the performance of collection services.

Each employee of Existing Operator who is required by Applicable Law to hold a valid permit or other qualification to deliver health care services to patients (including the performance of diagnostic services such as x-ray or lab services) holds such permit or other qualification and is performing only those services which are permitted by such permit or other qualification.

Existing Operator has paid all quality assurance fees, bed taxes and nursing home provider fees due and owing to the applicable Health Care Authorities.

All repairs, replacements, remodeling, alterations, improvements and construction at, to or on the Facility have been made pursuant to approved permits and approvals required by applicable Health Care Authorities.

There is no corporate integrity agreement or other monitoring or compliance agreement required by the Office of Inspector General ("OIG") or any other Governmental Entity that is currently in place and affecting the Facility or the Existing Operator, and there are no pending or threatened OIG or Department of Justice investigations involving the Facility, the Existing Operator, or their Affiliates.

Existing Operator is in compliance with all federal, state and local laws, rules and regulations relating to the employment authorization of its employees and independent contractors (including the Immigration Reform and Control Act of 1986, as amended and supplemented, and Sections 212(n) and 274A of the Immigration and Nationality Act, as amended and supplemented, and all implementing regulations relating thereto), and Existing Operator is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFR § 274a.1(a)(1994)).

Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or amend or otherwise change the Facility and/or the number of beds approved by PADOH (or any subdivision) or any other applicable state licensing agency, and there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

4.16 Cost Reports. Existing Operator has filed and will prior to Closing file all cost reports required to be filed under Title XVIII or Title XIX and timely complied with all other applicable reporting requirements relating to the period prior to Closing. All cost reports and other reports are, to the extent they currently exist, and otherwise shall be true and accurate in all material ways. Existing Operator shall deliver to New Operator a copy of all cost reports filed between the execution of this Agreement and Closing. There are no current, pending or outstanding Medicare, Medicaid or third party payor program reimbursement audits or appeals. There are no cost report years that are subject to audit, no cost reports remain "open" or unsettled, and there are no current or pending Medicare, Medicaid or other third-party payor program recoupment efforts, in each case with respect to the Facility.

4.17 Resident Agreements. A copy of the current standard form of Admission Agreement used by the Facility has been provided to New Operator. To Existing Operators' knowledge there are no other agreements with residents of the Facility which materially deviate from the standard form.

4.18 Surveys and Reports. Complete copies of Department of Human Services and/or PADOH survey reports, any waivers of deficiencies, plans of correction, and any other governmental investigation report issued with respect to the Assets during the past twenty-four (24) months have been provided to New Operator prior to, or will be provided to New Operator upon their request promptly following execution of this OTA. All deficiencies and violations cited in any existing survey have been corrected or corrective action plans implemented therefore and will be corrected prior to Closing. There are no bans, remedies, sanctions, prohibitions on payment, or limitations in effect with respect to admissions to the Facility, or any licensure curtailments in effect with respect to the Facility. Except as disclosed on Exhibit 4.18, none of the following exists with respect to any Facility:

- (a) immediate jeopardy violations or any deficiencies which scope and severity levels constitute “substandard quality of care” in effect with respect to the Facility;
- (b) the Facility has not received notice of inclusion or intended inclusion as a Federal Special Focus Facility or any State equivalent;
- (c) notice of violations with scope and severity level of “F” (or the equivalent) or higher;
- (d) notice of termination of the license issued by PADOH to operate the Facility as a skilled nursing facility;
- (e) notice of termination of the certification issued by PADOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
- (f) notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
- (g) notice of a material Life Safety Code deficiency cited by CMS, HFS, PADOH, or state or local building, fire safety or health authorities that have not been corrected as of the date hereof;
- (h) notice of imposition of civil monetary penalties or other immediate sanctions in accordance with 42 CFR §488.30 et seq.; and
- (i) notice that the Facility will be prohibited from admitting, or will not be reimbursed for new residents.

4.19 Broker. No person or entity is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Existing Operator or any of its affiliates. If any fees or commissions are claimed or payable as a result of any person’s claimed representation of Existing Operator, the same shall be the Existing Operator’s sole responsibility.

4.20 Absence of Certain Changes or Events. Except as set forth in Exhibit 4.20, since the date of the most recent Financial Records, (a) Existing Operator has operated the Assets and the Facility only in the ordinary and usual course of business consistent with past practice; (b) there has not occurred any event or circumstance that would have required the consent of, or notice to, or consultation with New Operator if this Agreement had been in effect on such date; and (c) there has not occurred any other event, circumstance or other change in the Assets or the Facility (financial or otherwise) that, alone or in the aggregate, has had or reasonably could be expected to have a Material Adverse Change.

4.21 Conduct of Business Pending the Closing Date. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to by New Operator in writing:

(a) Existing Operator will lawfully operate the business of the Facility in the ordinary course and in substantially the same manner as it has heretofore and in a manner which is consistent with this OTA.

(b) Existing Operator shall not dispose of any fixed assets except in the ordinary course of business consistent with past practice, change employment terms for any executive or group of employees or institute, amend, or terminate any employee benefit plan. Existing Operator agrees that it shall consult with New Operator prior to entering into or amending any contract, lease or other agreement which will be in effect and bind the Facility after the Closing Date, unless such contract lease or other agreement or amendment thereto can be terminated by Existing Operator without cause on thirty (30) day's notice.

(c) Upon reasonable prior notice, Existing Operator shall give New Operator and its representatives full access during normal business hours to all of the properties, books, contracts, commitments and other records of the Existing Operator pertaining to the Facility and the business of the Facility and will furnish New Operator and its representatives during such periods with all such information and data concerning the affairs of the Facility as New Operator or such representatives reasonably may request.

4.22 Cooperation with New Operator. Existing Operator will assist and cooperate with New Operator in any reasonable request with regard to submission for approval of transfer to PADOH or any other governmental or non-governmental entity from whom New Operator seeks to obtain permission.

4.23 Inventory. On the Closing Date, the Existing Operator shall maintain its normal inventory of supplies, which in no event shall be less than sufficient quantities of supplies required by law and in all cases consistent with past practices and prudent operation of the Facility.

4.24 Patient Trust Funds. The patient trust funds transferred hereunder are all such funds required to be held by law.

4.25 Intentionally Omitted.

4.26 Aliases. Existing Operator has not used any names other than those set forth on Exhibit 4.26.

4.27 Patriot Act Representations. Existing Operator is not, and is not acting, directly or indirectly, for or on behalf of any Person named as a “specially designated national and blocked person” (as defined in Presidential Executive Order 13224) on the most current list published by the U.S. Treasury Department of Foreign Assets Control, and Existing Operator is not engaged in this transaction, directly or indirectly, on behalf of, and are not facilitating this transaction, directly or indirectly, on behalf of, any such Person. Neither Existing Operator nor their constituents or affiliates are in violation of any laws relating to terrorism or money laundering, including the aforesaid Executive Order and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), as amended.

4.28 Financial Records. Existing Operator has furnished to New Operator, true, complete and correct copies of the unaudited financial statements of the Facility for the three full calendar years ending prior to the Effective Date and year-to-date financial statements for the calendar year in which the Effective Date and/or the Closing Date occurs (collectively, the “Financial Records”). The Financial Records (i) have been prepared from the books and records of Existing Operator in conformity with Generally Accepted Accounting Principles, applied on a consistent basis, except that the unaudited statements are without footnotes and are subject to normal yearend adjustments, (ii) present fairly the financial position of the Facility as of the date of the balance sheet included in the Financial Records and the results of operations and the cash flows of the Facility for the periods ending on the date of the Financial Records, and (iii) are true, complete and correct, in all material respects. Since the date of the most recent Financial Record, there has not been any Material Adverse Change.

4.29 Audits. Except as set forth on Schedule 4.29, Existing Operator has not received any notice of any desk audits or full audits by any Healthcare Authority in connection with any Medicaid or Medicare cost reports filed by Existing Operator.

4.30 COVID-19. Schedule 4.30 attached hereto sets forth a list of all payments received and applications pending for monies received by Transferor relating to COVID-19, including all CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds (as the foregoing are hereinafter defined). Transferor has complied in all material respects with respect to Legal Requirements pertaining to the handling of such CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds, including, without limitation, all material reporting requirements

4.31 Accuracy of Representations and Warranties. Each representation and warranty of Existing Operator hereunder is true, complete and correct in all respects as of the Effective Date and shall be deemed remade as of the Closing Date with the same force and effect as if made on the Closing Date. All references in this Agreement to “Existing Operator’s knowledge”, “the knowledge of Existing Operator” or words of similar import shall refer only to the actual knowledge of Ephram Lahasky (“Designated Representative”), without independent investigation or inquiry. There shall be no personal

liability on the part of the Designated Representative arising out of any representations or warranties made herein.

**SECTION 5
RESERVED**

**SECTION 6
MISCELLANEOUS**

6.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Agreement and the transactions referred to herein, contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.2 Notices. All notices, requests, consents, approvals, waivers, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered to the Parties (a) on the date of transmission by electronic mail, with confirmation from the recipient of the successful delivery of such transmission, (b) on the first business day following the date of delivery to a nationally recognized overnight courier service, or (c) on the third business day following the date of deposit in the United States Mail, postage prepaid, by certified mail, return receipt requested, in each case, addressed as follows, or to such other address, Person as any Party may designate by notice to the others in accordance herewith:

If to Existing Operator, to:

c/o Comprehensive Healthcare Management Services
600 Broadway, Suite E
Lynbrook, New York 11563
Attn: Mordy Lahasky
Email: mordyeph@gmail.com

If to New Operator:

South Hills Opco LLC
395 Pearsall Avenue, Suite K,
Cedarhurst NY 11516
Attention: Gedaliah Wielgus

6.3 Entire Agreement; Amendment; Waiver. This Agreement, including all schedules, exhibits and all other documents executed in connection with and pursuant to the terms and conditions of this Agreement, constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be modified or amended except in writing signed by the Parties hereto. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be effective unless in writing and signed by the party granting the waiver. Further, no such waiver shall be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

6.4 Assignment. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by any Party hereto without the express prior written consent of the other Parties hereto.

6.5 Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the Parties hereto with respect to the subject matter hereof. The Parties hereto do not intend that any third party shall have any rights under this Agreement.

6.6 Representation by Counsel. The Parties hereto acknowledge that they have been represented by independent legal counsel of their choosing throughout all of the negotiations which preceded the execution of this Agreement, and that each party has executed this Agreement with the consent and on the advice of such independent legal counsel. This Agreement is a negotiated document. As a result, any rule of construction providing for any ambiguity in the terms of this Agreement to be construed against the draftsman of this Agreement shall be inapplicable to the interpretation of this Agreement.

6.7 Captions. The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

6.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or email transmission of any signed, original counterpart transmission shall be deemed the same as the delivery of an original. The parties agree and acknowledge that this Agreement may be kept in electronic form and that an electronic version of this Agreement will be just as valid and enforceable as the original.

6.9 Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

6.10 Jurisdiction. Each Party hereto consents to the jurisdiction of the courts of the Commonwealth of Pennsylvania, or if it can acquire jurisdiction, in the Federal District Courts located in the Commonwealth of Pennsylvania as to claims arising under or brought in connection with this Agreement and the transactions contemplated herein.

6.11 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

6.12 Confidentiality.

(a) Existing Operator acknowledges that certain of the information that has been and will be made available pursuant to this Agreement may be proprietary and include confidential information. Existing Operator shall hold all such information about New Operator in confidence and shall not disclose it to any Person (other than to their respective representatives, so long as those representatives agree to keep any such information in confidence) without the approval of New Operator supplying such information; provided, however, that the foregoing restriction shall not apply to any information that is, through no fault of Existing Operator, publicly known or which is lawfully obtained from a third party, or to any disclosure required by any Legal Requirements or in connection with the enforcement of Existing Operator's or New Operator's rights under this Agreement.

6.13 Calculation of Time Periods. Any reference in this Agreement to a “business day” shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays, all days on which commercial banks in New York State are required by law to be closed. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included. Any reference in this Agreement to a “day” or a number of “days” (other than references to a “business day” or “business days”) shall mean a calendar day or calendar days, provided that if the calendar day or last calendar day to perform any act or give any notice or approval shall fall on a calendar day that is not a business day, such act or notice may be timely performed or given on the next succeeding business day.

6.14 Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend and/or supplement all exhibits and schedules in order for the same to be complete, current, true and correct as of the Closing Date.

6.15 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to the Parties or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability of such provision, or the application thereof, in any other jurisdiction.

6.16 Publicity. Prior to Closing, the Parties hereto shall consult with each other as to the form and substance of any press release or other public disclosure regarding the transactions provided for herein or contemplated hereby, and no Party hereto shall make any public disclosure thereof prior to the Closing without the consent of the other Parties hereto provided that nothing herein shall prohibit any Party from making any public disclosure which it, with advice of counsel, deems reasonably necessary to comply with laws applicable to it.

6.17 Non Solicitation/Non Compete. Neither Existing Operator nor any of its or their affiliates or principals shall knowingly and intentionally (i) solicit management level Employees for a period of twelve (12) months following the Closing Date or (i) hire any Employees for employment at any long-term care facilities owned or operated by any affiliates of Existing Operator located within a twenty (20) mile radius of the Facility for a period of twelve (12) months following the Closing Date. In the event that during the period beginning on the Closing Date and ending upon the date that is twelve (12) months following the Closing, any Employee is solicited (for this purpose, solicit shall not include a Facility employee who responds to employment opportunities which are posted or advertise by affiliates of Existing Operator in the ordinary course of such affiliate’s hiring practices) or hired for employment by any person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Existing Operator in violation of the preceding sentence, then Existing Operator shall pay to New Operator an amount equal to Twenty-Five Thousand Dollars (\$25,000.00) as liquidated damages, for each such

Employee that is solicited or hired in violation of this section. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Twenty-Five Thousand Dollars (\$25,000.00) is a fair and reasonable approximation of such actual damages.

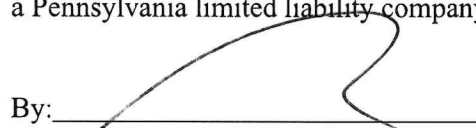
[SIGNATURES BEGIN ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

EXISTING OPERATOR:

South Hills Operations LLC,
a Pennsylvania limited liability company

By: 
Name: Ephram Lahasky
Its: Authorized Signatory

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[Signature Page to Operations Transfer Agreement]

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

NEW OPERATOR:

South Hills Opco LLC,
a Nevada limited liability company

By: 
Name: Gerald Wiggins
Title: Authorized Signatory

EXHIBIT A

Other Facilities

<u>Other Facility Name and Address</u>	<u>Other Existing Operator</u>	<u>Other New Operators</u>
Monroeville Rehabilitation and Wellness Center 4142 Monroeville Boulevard Monroeville, PA 15146-2608	Monroeville Operations LLC	Monroeville Opco LLC
Mt Lebanon Rehabilitation and Wellness Center 350 Old Gilkeson Rd Mt Lebanon, PA 15228	Mt Lebanon Operations LLC	Murrysville Opco LLC
Murrysville Rehabilitation and Wellness Center 3300 Logans Ferry Road, Murrysville, PA 15668-1205	Murrysville Operations LLC	MTL Opco LLC

EXHIBIT B

DEFINITIONS

“Environmental Law” means, collectively, any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered including, but not limited to, those materials or substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “pollutants” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State of New Jersey, and any rules and regulations promulgated thereunder, all as presently or hereafter amended.

“Facility Records” shall mean all of the books, records (including all current resident and employee records in the form located at the Facility on the Closing Date), accounts, files, logs, ledgers and journals pertaining to or used in the operations of the Facility, including, but not limited to, any electronic data stored on computer disks or tapes, and originals of any of the foregoing that relate to the operations of the Facility but excluding any Excluded Assets, including, without limitation, books, records, accounts and files pertaining to former employees and former residents of the Facility and any background checks, drug test results or other employee records that are produced and maintained by third party vendors.

“Governmental Entity” shall mean any (a) federal, state, county or municipal government, or city, town, borough, village, district or other jurisdiction; (b) governmental or quasi-Governmental Entity of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); and (c) any body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power.

“Hazardous Substances” means all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, toxic mold, petroleum, asbestos containing materials, asbestos insulation and/or urea formaldehyde insulation, polychlorinated biphenyls, lead and lead-based paint, which are regulated, governed, restricted or prohibited by the Environmental Laws.

“Health Care Authorities” shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of the Facility as a skilled nursing facilities.

“Health Care Requirements” shall mean, with respect to the Facility, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of such Facility or any part thereof as a nursing facility and all regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with Health Care Authorities as pertaining to such Facility and the payment and/or reimbursement for services rendered or goods or materials supplied at such Facility.

“Legal Requirement” shall mean any federal, state, local, municipal or other order, constitution, law, ordinance, principle of common law, code, regulation, or statute.

“Material Adverse Change” means any circumstance, event, effect or change that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to (1) the Business, or the results of operations or condition (financial or otherwise) of the Facility taken as a whole, (2) the Property or the Assets; or (3) the ability of Existing Operator to perform their respective obligations under this Agreement; provided, that no circumstance, event, effect or change arising out of any of the following shall be deemed to constitute a Material Adverse Change: (i) the economy in general, (ii) the economic, business, financial or regulatory environment generally affecting the industries in which Existing Operator operates, or (iii) an act of terrorism or an outbreak or escalation of hostilities or war (whether declared or not declared) or any natural disasters or any national or international calamity or crisis, except to the extent involving the Facility; in each case other than any circumstance, event, effect or change to the extent that such any circumstance, event, effect or change, individually or in the aggregate, has or would reasonably be expected to have a disproportionately adverse effect on Existing Operator as compared to other participants in the industry in which Existing Operator operates.

“Material Adverse Change” also means with respect to any individual Facility (A) the loss of operating licensure; or (B) the loss of any existing Medicare or Medicaid participation; or (C) the designation of the Facility by Centers for Medicare and Medicaid Services as a “Special Focus Facility” under its Special Focus Facility Program.

“Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Entity.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Resident Census Report” shall mean a true, correct and complete schedule (provided in accordance with all applicable Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of the Facility, the average daily rate and other charges payable with respect thereto, the class of payment or reimbursement (i.e., private, third-party payor, Medicare, and Veterans Administration), the average monthly census of the Facility and its occupancy rate.

“Resident Trust Funds” shall mean the funds held in trust by Existing Operator for residents at the Facility.

EXHIBIT C

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of the [•] day of [•], 20__, by _____, a
_____ limited liability company (“**Grantor**”), to [•] (“**Grantee**”).

KNOW ALL PERSONS BY THESE PRESENTS, that for and in consideration of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt whereof is hereby acknowledged and intending to be legally bound hereby, Grantor does grant, sell, convey, transfer, assign, deliver and set over unto Grantee, its heirs, executors, administrators, successors and assigns, forever, all of Grantor’s right, title and interest in the assets listed on Exhibit A attached hereto (the “**Purchased Assets**”) located in or upon, and used solely in connection with the operation of that certain skilled nursing facility known as [•] located at [•] (the “**Facility**”), or any portion thereof, WITHOUT RECOURSE OR WARRANTY, except for the representations and warranties, if any, concerning the Purchased Assets as set forth in that certain Operations Transfer Agreement dated as of [•], 20__ by and among Grantor and certain of its affiliates and Grantee and certain of its affiliates (the “**OTA**”) to have and to hold the same unto Grantee, its heirs, successors, administrators and assigns, forever. Specifically excluded from this Bill of Sale shall be those items described and defined as “Excluded Assets” in the OTA. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the OTA.

(Signatures on following page)

IN WITNESS WHEREOF, Grantor and Grantee have caused this Bill of Sale to be executed and delivered as of the day and year first above written.

GRANTOR:

By: _____
Name:
Its:

GRANTEE:

By: _____
Name:
Its:

(Signature page - Bill of Sale and Assignment)

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assignment”) is made as of the [•] day of [•], 20__, _____, a _____ limited liability company (“Assignor”), and _____ (“Assignee”).

RECITALS:

A. This Assignment is made in connection with that certain Operations Transfer Agreement, dated [•], 20__, by and among Assignor and certain affiliates, on the one hand, and Assignee and certain affiliates, on the other hand (the “Operations Transfer Agreement”), pursuant to which Assignor is transferring to Assignee the operations of that certain facility known as [•] and located at [•] (the “Facility”). Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Operations Transfer Agreement.

B. Pursuant to the terms of the Operations Transfer Agreement, Assignor is to assign to Assignee, all of its right, title and interest in the Resident Agreements and the Assumed Facility Agreements entered into by Assignor or in possession of Assignor with respect to the operation of the Facility.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties hereto, intending to be legally bound, agree as follows:

1. Assignor hereby assigns, conveys and transfers to Assignee all of Assignor’s right, title and interest, if any, in and to Assumed Facility Agreements as set forth on Schedule 1 attached hereto and made a part hereof, to the extent assignable.

2. Assignor hereby assigns, conveys and transfers to Assignee, all of Assignor’s right, title and interest of Assignor under the Resident Agreements in effect as of the date hereof and made a part hereof.

3. Assignee hereby assumes the duties and obligations of Assignor under [the Assumed Facility Agreements and the Resident Agreements, which duties and obligations arise and accrue from and after the date hereof. For the avoidance of doubt, Assignee assumes no duties or obligations of Assignor under any Assumed Facility Agreement or Resident Agreement that arose or accrued prior to the date hereof, and such duties and obligations remain the sole and exclusive responsibility of Assignor.

4. Except as may be expressly set forth in the Operations Transfer Agreement (and as limited thereby), Assignor makes no representations or warranties of any kind with respect to the Assumed Facility Agreements or Resident Agreements assigned herein.

5. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

6. This Assignment shall be governed by the laws of the _____ as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

7. This Assignment may be executed in one or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterpart. This Assignment may be executed by any party by the delivery of such party by facsimile, by portable document via electronic mail, or by other electronic means, a copy of the signature page of this Assignment duly executed by such party. Any copy of this Assignment so delivered by facsimile, by portable document format, or by other electronic means, shall be deemed to be an originally executed copy of this Assignment.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

By: _____
Name:
Its:

ASSIGNEE:

By: _____
Name:
Its:

(Signature Page – Assignment and Assumption Agreement)

EXHIBIT C

Declaration of Trey Marinello

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:	Case No.: 24-21217-CMB
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,¹	Chapter 11
Debtors.	<i>Jointly Administered</i>
	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,	Related to Document No.
Movant,	Hearing Date: July 1, 2024
-vs -	Hearing Time: 10:00 AM (EST)
CIBC BANK USA, GPH CANONSBURG LP, GPH MONROEVILLE LP, GPH MURRYSVILLE LP, GPH MT. LEBANON LP, and PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES,	Response Deadline: 10:00 AM (EST) on June 24, 2024
Respondents.	

**DECLARATION OF TREY MARINELLO IN SUPPORT OF
THE CUARZO DEBTORS' MOTION FOR ENTRY OF AN ORDER:
(A) AUTHORIZING THE PRIVATE SALE OF CUARZO DEBTORS' ASSETS;
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND (C) GRANTING RELATED RELIEF**

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

I, Trey Marinello, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director in Houlihan Lokey's ("**Houlihan**") Healthcare Group, with experience in buy side and sell side M&A advisory, capital raising, and strategic advisory services for privately held and publicly traded companies.

2. I submit this declaration (the "**Declaration**") in support of the *Cuarzo Debtors' Motion for Entry of an Order: (A) Authorizing the Private Sale of Cuarzo Debtors' Assets; (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* (the "**Motion**").²

3. Except as otherwise indicated, all statements set forth in this Declaration are based upon (a) my personal knowledge of the Debtors' operations and finances gleaned during the course of Houlihan's engagement by the Debtors, (b) my discussion with the Debtors' senior management, other members of Houlihan's team and the Debtors' other advisors, and (c) my review of relevant documents and/or my opinion based upon my experience.

4. If I were called upon to testify, I could and would testify competently to the facts set forth herein based on such personal knowledge, discussions, review of documents and/or opinions.

BACKGROUND AND QUALIFICATIONS

5. I have experience advising healthcare services companies in connection with buy-side and sell-side M&A advisory, capital raising and strategic advisory services. More specifically, for the past decade, I have specialized in post-acute, facility-based healthcare services. Select, notable clients that I have performed advisory work for include: AseraCare, Brookdale, Care

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

Capital, Cuarzo, Encore, Golden Living, Grane Healthcare, Grane Hospice, HCP, HCR ManorCare, LCS, LifeHOUSE, Ventas, and Welltower.

6. Prior to joining Houlihan, I worked for Berkery, Noyes & Co., where I provided sell-side M&A advisory to lower-middle-market healthcare and education companies. Prior to Berkery, Noyes & Co., I began my career with National Securities, now a division of B. Riley Financial.

SALE MARKETING EFFORTS

7. In connection with evaluating their strategic alternatives, on or around May of 2023, Houlihan was retained to create and execute a marketing process to maximize the value of the Cuarzo Debtors' assets. Houlihan was selected to lead this effort because of our extensive experience in marketing healthcare-related assets, such as the skilled nursing facilities that make up the Cuarzo Debtors assets. I led Houlihan's marketing efforts.

8. An evaluation of the Cuarzo Debtors' operations showed declining financial performance and the inability to generate cash flow compared to other SNF facilities in Pennsylvania, a high number of facilities in the market for sale with less risk and more attractive fundamentals than the Cuarzo Debtors', a general inability to find lenders willing to underwrite financing needs of new operators to fund operations at the Cuarzo Debtors' Facilities, and heightened regulatory scrutiny as a result of the current operator. In addition, our analysis of the Cuarzo Debtors' situation showed that there would be difficulty in providing indemnification against successor liability and repayment of bed tax amounts leading to an extended transition period and significant increase in transition costs.

9. After evaluating the situation of the Cuarzo Debtors' operations, I determined, based upon based our evaluation of the Cuarzo Debtors' circumstances and industry experience,

to strategically focus our marketing efforts on skilled nursing facility operators who operated skilled nursing facilities in Pennsylvania or who had prior experience operating distressed skilled nursing medical facilities. Existing Pennsylvania operators were targeted due to the significant regulatory hurdles associated with an out-of-state new operator transitioning into the Cuarzo Debtors' Facilities, including probationary or conditional license requirements and additional oversight, that would have prevented such a transaction from being workable.

10. These issues facing an out-of-state operators would be in addition to the increasingly difficult operating environment for skilled nursing facility operators in general, which includes (i) increasing food, labor, and energy costs, rising inflation, (ii) stagnant reimbursement rates from governmental and third-party payors, (iii) an excess supply of skilled nursing beds, and (iv) increasing regulatory requirements such as staffing minimums.

11. Marketing of the Cuarzo Debtors' assets proved to be exceptionally difficult, particularly because of the Cuarzo Debtors' unique liabilities and situation, including: (1) the Debtors owing significant unpaid nursing home assessments to the Commonwealth of Pennsylvania; (2) criminal charges being filed against certain Cuarzo Debtors and individuals associated with them, including a 15 count indictment alleging Medicare and Medicaid healthcare fraud and conspiracy to commit healthcare fraud, and (3) litigation initiated by the Department of Labor against the Cuarzo Debtors relating to their employment policies and practices. Each of these factors alone make marketing skilled-nursing facility operations difficult, let alone all of them combined.

12. Our marketing efforts led to the identification of 28 key strategic targets. Of those, 17 were considered based on their ability to assume operations. Of the 17 parties contacted by Houlihan, 10 immediately passed on the opportunity, and seven agreed to have initial discussions

regarding the Cuarzo Facilities. Three parties executed non-disclosure agreements granting them access to the data room established by Houlihan related to the Cuarzo Debtors. Ultimately, because of the difficulties associated with the Cuarzo Facilities discussed herein, including (a) the FLSA Litigation, (b) the Criminal Litigation, (c) unpaid Nursing Home Assessments, and (d) the fact that the sale was only of the operational entities, only one operator expressed serious interest in the Cuarzo Facilities – We Care Centers (“**WeCare**”).

13. WeCare is an established healthcare operator currently operating skilled nursing, senior living, short term rehabilitation, outpatient rehabilitation, and adult day services in New York and Pennsylvania. WeCare is not an insider and is not in any way affiliated or related to the Cuarzo Debtors, Houlihan, or the GPH Landlords.

14. WeCare expressed an interest in operating the Cuarzo Facilities only to the extent that the GPH Landlords agreed to provide significant concessions to the operator and its sub-landlord. Given the dynamics of the underperforming Cuarzo Facilities and the regulatory landscape surrounding them, including the potential liabilities associated with previous ownership, the GPH Landlords agreed to make significant lease-related concessions to ensure the facilities were appropriately transferred to a reputable operator who will continue to provide quality patient care to the residents of the facilities.

15. Based on the Debtors’ financial circumstances, the transaction with the New Operators set forth in the Motion is the best available transaction and it is highly unlikely that any further marketing of the Cuarzo Facilities’ assets would yield any higher or better, or even similar, offers.

16. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Dated: May 24, 2024

/s/ Trey Marinello
Trey Marinello

Managing Director
Houlihan Lokey

EXHIBIT D

Declaration of Louis E. Robichaux IV

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:	Case No.: 24-21217-CMB
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,¹	Chapter 11
Debtors.	<i>Jointly Administered</i>
	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,	Related to Document No.
Movant,	Hearing Date: July 1, 2024
-vs -	Hearing Time: 10:00 AM (EST)
CIBC BANK USA, GPH CANONSBURG LP, GPH MONROEVILLE LP, GPH MURRYSVILLE LP, GPH MT. LEBANON LP, and PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES,	Response Deadline: 10:00 AM (EST) on June 24, 2024
Respondents.	

**DECLARATION OF LOUIS E. ROBICHAUX IV IN SUPPORT OF
THE CUARZO DEBTORS' MOTION FOR ENTRY OF AN ORDER:
(A) AUTHORIZING THE PRIVATE SALE OF CUARZO DEBTORS' ASSETS;
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND (C) GRANTING RELATED RELIEF**

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

I, Louis E. Robichaux IV, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am a Senior Managing Director at Ankura Consulting Group, LLC (“Ankura”), and provide restructuring, crisis management, financial advisory, and expert witness services to parties in a broad variety of distressed corporate settings, with a significant emphasis on the US healthcare industry. I have over 30 years of industry and restructuring experience, with significant expertise serving in chief restructuring officer roles.

2. I submit this declaration (the “Declaration”) in support of the *Cuarzo Debtors’ Motion for Entry of an Order: (A) Authorizing the Private Sale of Cuarzo Debtors’ Assets; (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* (the “Motion”).²

3. Except as otherwise indicated, all statements set forth in this Declaration are based upon (a) my personal knowledge of the Cuarzo Debtors’ operations and finances gleaned during the course of Ankura’s engagement by the Debtors, (b) my discussion with the Debtors’ senior management, other members of Ankura’s team and the Debtors’ other advisors, and (c) representatives of Cuarzo and their advisors who were directly involved in Cuarzo’s sale / re-tenanting efforts, and (d) my review of relevant documents and/or my opinion based upon my experience.

4. If I were called upon to testify, I could and would testify competently to the facts set forth herein based on such personal knowledge, discussions, review of documents and/or opinions.

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

5. Details of my background and relevant engagements are set forth in my Declaration in Support of the First Day Motions, and I incorporate by reference that information into this Declaration.

6. On December 1, 2024, the Debtors retained Ankura to provide restructuring advisory services, including appointing me to serve as the Debtors' Chief Restructuring Officer ("CRO") to evaluate the Debtor's financial condition and potential restructuring or liquidation options.

7. Ankura and I have evaluated the Cuarzo Debtors' options to continue as a going concern and their need for immediate financing to ensure the stability of the Cuarzo Debtors' operations. Ankura's work indicated that the Cuarzo Debtors financial condition was dire and that, absent a significant cash infusion, the Cuarzo Debtors were unlikely to be able to continue operation of the Cuarzo Facilities as a going concern and would have no option other than to shut down these facilities, which could cause significant harm to the residents of the Cuarzo Facilities.

8. The Cuarzo Debtors are not operationally profitable, and based on my professional knowledge and experience, there is no quick or easy way to turn around the unprofitable operations of the Cuarzo Facilities. Thus, in my opinion, the only realistic option to avoid a shutdown of the Cuarzo Facilities and the harm that would be caused to the residents of those facilities is a quick transfer of the operations of Cuarzo Facilities to a new operator with sufficient capitalization to lead the turnaround efforts.

9. I have learned that Cuarzo performed last year, through Houlihan, Lokey, a thorough search for a new operator of the Cuarzo Facilities. The Cuarzo Facilities have no actual or potential sources of financing other than the Cuarzo DIP loan. Cuarzo is unwilling to provide anything other than very short term financing needed to promptly transfer the Cuarzo Facilities to

WeCare Centers. Based upon my investigation of the process undertaken by Houlihan Lokey, it is my opinion that the process was robust and appropriate under the circumstances. I understand that WeCare Centers was the only potential new operator identified by Houlihan, Lokey. Given the dire condition of the Cuarzo Facilities, I do not believe that an additional marketing period would result in finding any superior transaction. In my opinion, it is more likely that an extended marketing period would further harm the Cuarzo Debtors' bankruptcy estates because of the on-going operational losses that would be sustained during any such period.

10. After evaluating the circumstances of the Cuarzo Facilities - including (i) their current and potential significant liabilities and on-going operating losses, and (ii) becoming aware of the fact that after a diligent marketing effort the only Pennsylvania-licensed operator that expressed interest in operating the Cuarzo Facilities was WeCare Centers and only to the extent significant concessions were granted by the Cuarzo Landlords, (iii) the inability to obtain third-party financing (prepetition or post-petition) to continue operating of the Cuarzo Facilities as a going concern, and (iv) the absolute necessity of ensuring the continuity of care and service at the Cuarzo Facilities for patient safety and wellbeing - it is my conclusion that the transaction with the New Operators on the timeframe set forth in the Motion is the only realistic alternative to a complete shutdown of the Cuarzo Facilities on an emergency basis, which would create a logistical nightmare for both the facilities and their residents, and potentially put the residents' wellbeing at risk.

11. In my opinion, continuing to market the assets of the Cuarzo Facilities is highly unlikely to yield a higher or better offer, and it is not worth incurring additional operating losses in an effort to find a superior transaction.

12. Based on my experience in healthcare insolvency situations, my experience in obtaining the highest and best prices for assets in restructuring matters, and my knowledge of the Cuarzo Debtors' circumstances, I believe that the Motion and the private sale of the Cuarzo Debtors' assets to the New Operators is in the best interest of the Cuarzo Debtors' estates and stakeholders, the patients at the Cuarzo Facilities, and is necessary and appropriate under the circumstances.

13. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Dated: May 31, 2024

/s/Louis E. Robichaux IV

Louis E. Robichaux IV
Chief Restructuring Officer

EXHIBIT E

DOH Notices



November 14, 2023

Bruce Baron
Capozzi Adler, P.C.
2933 North Front Street
Harrisburg, PA 17110
bruceb@capozziadler.com
License # 026102

Dear Mr. Baron:

We have reviewed the Change of Ownership forms for **Monroeville Rehabilitation and Wellness Center** and have found them to be acceptable. The Department hereby acknowledges the change in ownership from **Monroeville Operations LLC** to **Monroeville Opco LLC**. In conjunction we will acknowledge the facility's name change from **Monroeville Rehabilitation and Wellness Center** to **We care at Monroeville Rehabilitation and Nursing Center** upon notification of the completed transaction followed by the issuance of a new license to the facility.

At the completion of the transaction, please notify the Department in writing with a letter of Confirmation of Sale from the buyer and seller. This correspondence must be signed by the Chief Executive Officer of both **Monroeville Operations LLC** and **Monroeville Opco LLC**, and indicate the date of the transaction so that the facility's new license can be issued to reflect the change. In addition, please provide a copy of the sales agreement.

Please include the full name of the owner(s) and provide an email address, mailing address and phone number for each owner.

Please provide a copy of the transfer agreement(s) with acute care hospital(s). The new owner must be a party to the transfer agreement.

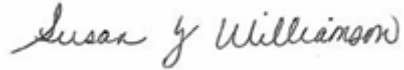
If the facility has an approved Nurse Aide Training & Competency Evaluation Program (NATCEP) please provide documentation of approval from the Pennsylvania Department of Education.

As we all know too well, COVID-19 has been an ongoing threat to the health and safety of our senior residents and patients in congregate healthcare-related settings and has greatly affected our workforce dedicated to care for them. Therefore, with funding provided by the U.S. Centers for Disease Control and Prevention (CDC) under the 2019 Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) – Enhanced Detection Expansion (EDE) grant, the Department implemented a new program, LTC RISE (Long-Term Care Resiliency, Infrastructure Supports, and Empowerment), effective January 1, 2022.

The LTC RISE program is a partnership between the Department of Health (DOH), Pennsylvania Department of Human Services (DHS), Pennsylvania Emergency Management Agency (PEMA) and four healthcare organizations dedicated to providing COVID-19 outbreak response support and longer-term resiliency building opportunities. The healthcare organizations have established partnerships covering six regions across Pennsylvania. To access call center information and the counties covered by each healthcare organization and to learn more about the program, please visit the LTC RISE webpage at <https://www.health.pa.gov/topics/disease/coronavirus/Pages/LTC-RISE.aspx>

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Susan Y. Williamson".

Susan Y. Williamson, Director
Division of Regulatory Oversight and Nursing Care Facilities
Bureau of Long Term Care Programs
Pennsylvania Department of Health



November 14, 2023

Bruce Baron
Capozzi Adler, P.C.
2933 North Front Street
Harrisburg, PA 17110
bruceb@capozziadler.com

License # 137202

Dear Mr. Baron:

We have reviewed the Change of Ownership forms for **Mt Lebanon Rehabilitation and Wellness Center** and have found them to be acceptable. The Department hereby acknowledges the change in ownership from **Mt Lebanon Operations LLC** to **MTL Opco LLC**. In conjunction we will acknowledge the facility's name change from **Mt Lebanon Rehabilitation and Wellness Center** to **Wecare at Mt Lebanon Rehabilitation and Nursing Center** upon notification of the completed transaction followed by the issuance of a new license to the facility.

At the completion of the transaction, please notify the Department in writing with a letter of Confirmation of Sale from the buyer and seller. This correspondence must be signed by the Chief Executive Officer of both **Mt Lebanon Operations LLC** and **MTL Opco LLC**, and indicate the date of the transaction so that the facility's new license can be issued to reflect the change. In addition, please provide a copy of the sales agreement.

Please include the full name of the owner(s) and provide an email address, mailing address and phone number for each owner.

Please provide a copy of the transfer agreement(s) with acute care hospital(s). The new owner must be a party to the transfer agreement.

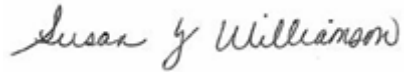
If the facility has an approved Nurse Aide Training & Competency Evaluation Program (NATCEP) please provide documentation of approval from the Pennsylvania Department of Education.

As we all know too well, COVID-19 has been an ongoing threat to the health and safety of our senior residents and patients in congregate healthcare-related settings and has greatly affected our workforce dedicated to care for them. Therefore, with funding provided by the U.S. Centers for Disease Control and Prevention (CDC) under the 2019 Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) – Enhanced Detection Expansion (EDE) grant, the Department implemented a new program, LTC RISE (Long-Term Care Resiliency, Infrastructure Supports, and Empowerment), effective January 1, 2022.

The LTC RISE program is a partnership between the Department of Health (DOH), Pennsylvania Department of Human Services (DHS), Pennsylvania Emergency Management Agency (PEMA) and four healthcare organizations dedicated to providing COVID-19 outbreak response support and longer-term resiliency building opportunities. The healthcare organizations have established partnerships covering six regions across Pennsylvania. To access call center information and the counties covered by each healthcare organization and to learn more about the program, please visit the LTC RISE webpage at <https://www.health.pa.gov/topics/disease/coronavirus/Pages/LTC-RISE.aspx>

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Susan Y. Williamson".

Susan Y. Williamson, Director
Division of Regulatory Oversight and Nursing Care Facilities
Bureau of Long Term Care Programs
Pennsylvania Department of Health



November 14, 2023

Bruce Baron
Capozzi Adler, P.C.
2933 North Front Street
Harrisburg, PA 17110
bruceb@capozziadler.com

License # 134702

Dear Mr. Baron:

We have reviewed the Change of Ownership forms for **Murrysville Rehabilitation and Wellness Center** and have found them to be acceptable. The Department hereby acknowledges the change in ownership from **Murrysville Operations LLC** to **Murrysville Opco LLC**. In conjunction we will acknowledge the facility's name change from **Murrysville Rehabilitation and Wellness Center** to **Wecare at Murrysville Rehabilitation and Nursing Center** upon notification of the completed transaction followed by the issuance of a new license to the facility.

At the completion of the transaction, please notify the Department in writing with a letter of Confirmation of Sale from the buyer and seller. This correspondence must be signed by the Chief Executive Officer of both **Murrysville Operations LLC** and **Murrysville Opco LLC**, and indicate the date of the transaction so that the facility's new license can be issued to reflect the change. In addition, please provide a copy of the sales agreement.

Please include the full name of the owner(s) and provide an email address, mailing address and phone number for each owner.

Please provide a copy of the transfer agreement(s) with acute care hospital(s). The new owner must be a party to the transfer agreement.

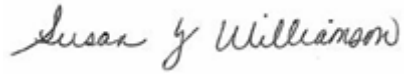
If the facility has an approved Nurse Aide Training & Competency Evaluation Program (NATCEP) please provide documentation of approval from the Pennsylvania Department of Education.

As we all know too well, COVID-19 has been an ongoing threat to the health and safety of our senior residents and patients in congregate healthcare-related settings and has greatly affected our workforce dedicated to care for them. Therefore, with funding provided by the U.S. Centers for Disease Control and Prevention (CDC) under the 2019 Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) – Enhanced Detection Expansion (EDE) grant, the Department implemented a new program, LTC RISE (Long-Term Care Resiliency, Infrastructure Supports, and Empowerment), effective January 1, 2022.

The LTC RISE program is a partnership between the Department of Health (DOH), Pennsylvania Department of Human Services (DHS), Pennsylvania Emergency Management Agency (PEMA) and four healthcare organizations dedicated to providing COVID-19 outbreak response support and longer-term resiliency building opportunities. The healthcare organizations have established partnerships covering six regions across Pennsylvania. To access call center information and the counties covered by each healthcare organization and to learn more about the program, please visit the LTC RISE webpage at <https://www.health.pa.gov/topics/disease/coronavirus/Pages/LTC-RISE.aspx>

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Susan Y. Williamson".

Susan Y. Williamson, Director
Division of Regulatory Oversight and Nursing Care Facilities
Bureau of Long Term Care Programs
Pennsylvania Department of Health



November 14, 2023

Bruce Baron
Capozzi Adler, P.C.
2933 North Front Street
Harrisburg, PA 17110
bruceb@capozziadler.com

License # 193302

Dear Mr. Baron:

We have reviewed the Change of Ownership forms for **South Hills Rehabilitation and Wellness Center** and have found them to be acceptable. The Department hereby acknowledges the change in ownership from **South Hills Operations LLC** to **South Hills Opco LLC**. In conjunction we will acknowledge the facility's name change from **South Hills Rehabilitation and Wellness Center** to **Wecare at South Hills Rehabilitation and Nursing Center** upon notification of the completed transaction followed by the issuance of a new license to the facility.

At the completion of the transaction, please notify the Department in writing with a letter of Confirmation of Sale from the buyer and seller. This correspondence must be signed by the Chief Executive Officer of both **South Hills Operations LLC** and **South Hills Opco LLC**, and indicate the date of the transaction so that the facility's new license can be issued to reflect the change. In addition, please provide a copy of the sales agreement.

Please include the full name of the owner(s) and provide an email address, mailing address and phone number for each owner.

Please provide a copy of the transfer agreement(s) with acute care hospital(s). The new owner must be a party to the transfer agreement.

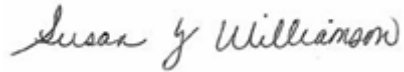
If the facility has an approved Nurse Aide Training & Competency Evaluation Program (NATCEP) please provide documentation of approval from the Pennsylvania Department of Education.

As we all know too well, COVID-19 has been an ongoing threat to the health and safety of our senior residents and patients in congregate healthcare-related settings and has greatly affected our workforce dedicated to care for them. Therefore, with funding provided by the U.S. Centers for Disease Control and Prevention (CDC) under the 2019 Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) – Enhanced Detection Expansion (EDE) grant, the Department implemented a new program, LTC RISE (Long-Term Care Resiliency, Infrastructure Supports, and Empowerment), effective January 1, 2022.

The LTC RISE program is a partnership between the Department of Health (DOH), Pennsylvania Department of Human Services (DHS), Pennsylvania Emergency Management Agency (PEMA) and four healthcare organizations dedicated to providing COVID-19 outbreak response support and longer-term resiliency building opportunities. The healthcare organizations have established partnerships covering six regions across Pennsylvania. To access call center information and the counties covered by each healthcare organization and to learn more about the program, please visit the LTC RISE webpage at <https://www.health.pa.gov/topics/disease/coronavirus/Pages/LTC-RISE.aspx>

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Susan Y. Williamson".

Susan Y. Williamson, Director
Division of Regulatory Oversight and Nursing Care Facilities
Bureau of Long Term Care Programs
Pennsylvania Department of Health