

NONDISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT

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THIS NONDISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT made this 7<sup>th</sup> day of March, 1988, by and between BARCLAYS BANK PLC ("Barclays"), a bank organized and existing under the laws of England, having a branch at 75 Wall Street, New York, New York 10625, and Briarcliff Nursing Home, Inc., a Pennsylvania corporation ("Lessee") having its address at c/o Integrated Heath Services, Inc., 11019 McCormick Road, Suite 400, Huntvalley, MD 21031;

W I T N E S S E T H:

WHEREAS, Lessee is the owner of the lessee's interest under that certain Lease as hereinafter defined dated August 13, 1987, by and between Owner as hereinafter defined, as lessor and Lessee, as lessee;

WHEREAS, Meditrust, a Massachusetts business trust with a principal place of business at 15A Walnut Street, Wellesley, Massachusetts 02181 has applied to Barclays for a loan in the amount of Fifty Five Million Dollars (\$55,000,000) which loan shall be guaranteed in part by a Guaranty from the Owner as hereinafter defined to Barclays and said Guaranty shall be secured by the Mortgage hereinafter defined; and

WHEREAS, Barclays is willing to make such a loan, on condition, inter alia, that the interest of the lessor under the Lease be assigned to Barclays by Owner and that Lessee subordinate its interest under the Lease to a mortgage encumbering the Mortgaged Property as hereinafter defined; and

WHEREAS, Lessee is willing so to subordinate its interest under the Lease, on condition that Barclays agree that upon foreclosure Lessee's quiet enjoyment of the Demised Premises as hereinafter defined shall not be disturbed, as hereinafter provided,

NOW, THEREFORE, in consideration of the premises and the mutual execution of this Agreement by the parties, Barclays and Lessee hereby agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

Demised Premises: The portion of the Mortgaged Property demised under the Lease.

Lease: That certain Facility Lease and Security Agreement dated August 13, 1987, by and between Owner, as hereinafter defined, as lessor and Lessee, as lessee; a memorandum of which was recorded on August 20, 1987, with the Probate Offices of Shelby County, Alabama in Real Book 146, Page 906.

Loan: The loan from Barclays to Meditrust, a Massachusetts business trust in a principal amount not to exceed Fifty Five Million Dollars (\$55,000,000.00).

Mortgage: That certain Deed of Trust dated March \_\_, 1988, granted by Owner as hereinafter defined to Barclays, which encumbers the Mortgaged Property to secure its Guaranty of the Loan and is to be recorded immediately prior to this Agreement, as the same may be amended or supplemented from time to time.

Mortgaged Property: The real property described on Exhibit A and by this reference made a part hereof.

Mortgagee: The holder from time to time of the Mortgage.

Owner Meditrust of Alabama, Inc., an Alabama corporation, the owner of the Mortgaged Property and of the interest of the lessor under the Lease.

Person: An individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

Purchaser: Any Person acquiring the Mortgaged Property (i) in any foreclosure or any action or proceeding (judicial or nonjudicial) instituted under or in connection with the Mortgage or (ii) by delivery of a deed or assignment given in lieu of foreclosure, and such Person's successors and assigns.

2. Nondisturbance. So long as no default exists and no event has occurred which with notice or passage of time or both would constitute a default or event of default under the Lease, which would entitle the lessor under the Lease to terminate the Lease or would cause, without any further action of such lessor, the termination of the Lease or would entitle such lessor to dispossess the Lessee thereunder, the Lease shall not be terminated, nor shall Lessee's use, possession or enjoyment of the Demised Premises be interfered with, nor shall the leasehold estate granted by the Lease be affected in any other manner, in any foreclosure or any action or proceeding instituted under or in connection with the Mortgage or in case the Mortgagee takes possession of the Mortgaged Premises pursuant to any provisions of the Mortgage, unless such right would have existed if the Mortgage had not been made, except that the Purchaser shall not be (a) liable for any act or omission of any prior lessor under the Lease; or (b) subject to any offsets or defenses which Lessee might have against any prior lessor under the Lease; or (c) bound by any rent or additional rent which Lessee might have paid for more than the current month to any prior lessor under the Lease; or (d) bound by any amendment or modification of the Lease made without Mortgagee's prior written consent.

2A. Financing Provisions of Lease. Any Encumbrance, as defined in the Lease, resulting from or arising out of this transaction, shall comply with the rights and obligations relating to Encumbrances set forth in the Lease, including, but not limited to those rights and obligations set forth in Articles 36 and 37 of the Lease.

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*Now dated 1/1/72*

3. Attornment. If the interests of the lessor under the Lease shall be transferred to a Purchaser, Lessee shall be bound to the Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if the Purchaser were the lessor under the Lease, and Lessee attorns to the Purchaser, including Mortgagee if it be the Purchaser, as its landlord, said attornment to be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the lessor under the Lease. The respective rights and obligations of Lessee and Purchaser upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth therein, except as therein otherwise provided.

4. Subordination. The Lease now is and at all times shall continue to be subject and subordinate in each and every respect to the lien of the Mortgage and to any and all increases, renewals, modifications, extensions, substitutions and replacements of the Mortgage.

5. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Barclays, its successors and assigns as Mortgagee, and Lessee and its successors and assigns as holders of the interest of the lessee under the Lease.

6. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, Barclays and Lessee have executed the foregoing agreement as of the day and year first hereinabove written.

BARCLAYS BANK PLC

By: *John McFadden*  
Its Vice President

BRIARCLIFF NURSING HOME, INC.

By: *William J. Kucharski*  
Its President

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COMMONWEALTH OF PENNSYLVANIA

DAUPHIN Co., ss

March 3, 1988

Then personally appeared the above-named William J. Krystopowicz who swore that he is the Assistant Secretary of Briarcliff Nursing Home, Inc. and acknowledged the execution of the foregoing instrument to be        free act and deed and the free act and deed of Briarcliff Nursing Home, Inc., before me

Peggy R. Ellison  
Notary Public  
My Commission Expires: 4-23-90

~~Commonwealth of Massachusetts~~  
~~STATE OF NEW YORK~~

Suffolk, ss

March 7, 1988

Then personally appeared the above-named John McKenna who swore that he is the Vice President of Barclays Bank PLC and acknowledged the execution of the foregoing instrument to be his free act and deed and the free act and deed of Barclays Bank PLC, before me

Mary Louise Larkin  
Notary Public  
My Commission Expires: 4-10-92

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STATE OF ALA. SHELBY  
I CERTIFY THIS  
INSTRUMENT WAS FILED  
88 AUG 10 AM 9:46  
Thomas A. Shuler, Jr.  
JUDGE OF PROBATE

RECORDING FEES	
Recording Fee	\$12.50
Index Fee	1.00
TOTAL	<u>13.50</u>