

**ASSIGNMENT AND SUBORDINATION OF
LEASES AND RENTS AGREEMENT**
(Term Loan)

THIS ASSIGNMENT AND SUBORDINATION OF LEASES AND RENTS AGREEMENT (this “Assignment”), is made as of this the 27th day of May, 2015, by and among **SHELBY RIDGE ACQUISITION CORPORATION**, an Alabama corporation (“Operator”), **SHELBY RIDGE PROPERTIES, LLC**, an Alabama limited liability company (“Owner” and, together with Operator, “Assignors”, and each individually, an “Assignor”), the mailing address of each of which is 100 Perry Hill Road, Montgomery, Alabama 36109, and **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation, the mailing address of which is 387 Fairhope Avenue, Fairhope, Alabama 36532 (“Lender”).

RECITALS:

A. Assignors have entered into a Lease Agreement dated as of May 27, 2015 (the “Operating Lease”), relating to the Nursing Home located on the real property described in **Exhibit A** hereto (the “Property”). The term “Operating Lease” includes all modifications, extensions or renewals thereof or substitutions or replacements therefor. Owner and/or Operator have also entered into, and will in the future enter into other leases, occupancy, or license agreements of or relating to the Property or some portion thereof, such as, but not limited to, resident admission agreements (the “Resident Admission Agreements”, and, together with the Operating Lease and any other leases and agreements, the “Leases”). Reference is made to the Loan Agreement of even date herewith by and among Assignors and Lender (the “Loan Agreement”) for the definitions of other capitalized terms used herein but not otherwise defined.

B. Borrowers have become justly indebted to Lender in the principal sum of up to Four Million One Hundred Thousand Dollars (\$4,100,000) as evidenced by the Promissory Note made by Borrowers in favor of Lender of even date herewith (the “Note”) issued pursuant to the Loan Agreement by and among Assignors and Lender pursuant to which Lender has committed to make a loan (the “Loan”) to Borrowers in the principal amount of up to Four Million One Hundred Thousand Dollars (\$4,100,000). As a condition to making the Loan, Lender is requiring this Assignment.

C. The obligations of Borrowers under the Loan will also be secured by a Security Agreement by and among Borrowers and Lender (the “Security Agreement”) and a Real Estate Mortgage and Security Agreement from Borrowers in favor of Lender (the “Mortgage”) covering the Mortgaged Site, Equipment, Inventory, Receivables and certain other collateral. The Loan Agreement, the Note, the Security Agreement, the Mortgage, the Guaranties, this Assignment, and any other instruments now or hereafter evidencing, securing, guaranteeing or otherwise relating to the Loan or the Loan Agreement are collectively referred to herein as the “Loan Documents.”



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AGREEMENT:

NOW, THEREFORE, for value received and in consideration of the foregoing and of the premises herein it is hereby agreed as follows:

Assignors hereby grant, transfer and assign to the fullest extent assignable to Lender and its successors and assigns all right, title and interest of each of them in and to the Leases, together with any and all security deposits received by Assignors, any of them or any agent of any of them in connection therewith, for the purpose of securing (a) payment of all sums now or at any time hereafter due Lender and secured by the Mortgage, together with any future advances made thereunder, and (b) performance and discharge of each obligation, covenant and agreement of Assignors contained herein or contained in any of the other Loan Documents or the Other Loan Documents.

This Assignment is intended to be an absolute, present assignment from Assignors to Lender. The Leases and the rents, issues and profits of the Property are hereby assigned absolutely by Assignors to Lender.

ARTICLE I

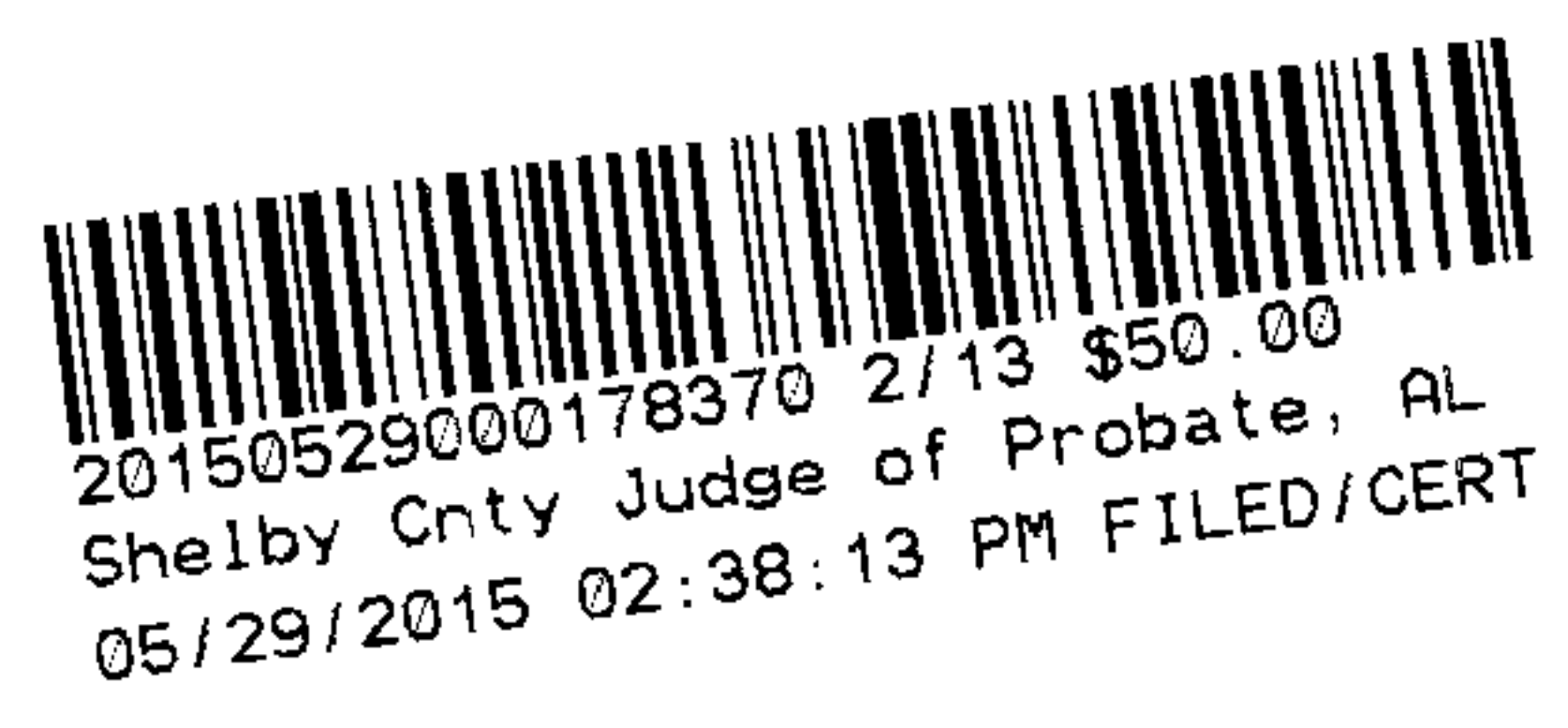
1.01. Warranties and Representations of Assignors. Assignors hereby jointly and severally warrant and represent to Lender that:

(a) Owner is the sole owner of the landlord's/lessor's interest under the Operating Lease, is entitled to receive the rents, issues, profits and security deposits under the Operating Lease and from the Nursing Home, and, with Operator's consent, which is hereby given, has good right to sell, assign, transfer and set over the same and to grant to and confer upon Lender the rights, interests, powers and authorities with respect thereto herein and in the other Loan Documents granted and conferred.

(b) Operator is the sole owner of the leasehold estate of the Nursing Home under the Operating Lease and, with Owner's consent, which is hereby given, has good right to assign, transfer and set over the same and to grant to and confer upon Lender the rights, interests, powers and authorities with respect thereto herein and in the other Loan Documents granted and conferred.

(c) Operator is the sole owner of the landlord's/lessor's interest under the Resident Admission Agreements for the Nursing Home and has good right to assign, transfer and set over the same and to grant to and confer upon Lender the rights, interest, powers and authorities with respect thereto herein and in the other Loan Documents granted and conferred.

(d) Neither of Assignors has made nor permitted to be made any assignment, other than this Assignment and any assignment in any other Loan Document, of any of their respective rights under any of the Leases to any person or entity.



(e) To the Knowledge of Assignors, neither of Assignors has done any act or omitted to do any act which might prevent Lender from, or limit Lender in, acting under any of the provisions of this Assignment.

(f) Neither of Assignors is prohibited under any agreement with any other person or entity or under any judgment or decree or under any of the Leases, from the execution and delivery of this Assignment, from the performance of each and every covenant of Assignors hereunder and under the Leases, or from the meeting of each and every condition contained herein or in any of the Leases.

(g) No action has been brought or, to the Knowledge of Assignors, threatened which in any way would interfere with the right of Assignors or any of them to execute this Assignment and perform all of Assignors' obligations herein contained.

1.02. Covenants of Assignors. Assignors hereby jointly and severally covenant and agree with Lender as follows:

(a) Assignors and each of them shall do the following: (i) fulfill, perform and observe each and every condition and covenant of each of them contained in the Leases; (ii) at the sole cost and expense of each of Assignors, diligently seek to enforce the performance and observance of each and every covenant and condition of the Leases to be performed or observed by the other parties thereto; and (iii) appear in and defend any action growing out of, or in any manner connected with the Leases or connected with the obligations or liabilities of Assignors or any of them thereunder.

(b) Neither of Assignors shall without the prior written consent of Lender do the following: (i) modify or amend the Operating Lease or, except in the ordinary course of Assignors', consistent with historical practices, modify or amend any of the Resident Admission Agreement forms approved by Lender; (ii) terminate or accept the surrender of the Operating Lease; (iii) waive or release any of the lessees from the performance or observance by any of the lessees of any obligation or condition of any of the Leases, except as to the Resident Admission Agreements in the ordinary course of Assignors', consistent with historical practices; (iv) except as provided in the Leases or, as to the Resident Admission Agreements, required by law, permit the prepayment of any rents or fees under any of the Leases for more than thirty (30) days in advance of the due date; or (v) assign, or give any consent to any assignment by any of the lessees of, any of the Leases or any sublease of any part or portion of the Property.

(c) If either Assignor receives notice of its, the other Assignor's default under any Lease, such party shall within ten (10) days thereafter provide notice to Lender of such default and give Lender a reasonable opportunity to cure the default, but Lender shall have no obligation to do so.

(d) Upon the occurrence and during the continuance of an Event of Default, Assignors shall authorize and direct, and Assignors do hereby authorize and direct, the present

tenants/lessees and each and every future tenant/lessee under the Leases to pay rental directly to Lender upon receipt of written demand from Lender to pay the same.

(e) Lender shall not be obligated to perform or discharge any obligation of Assignors or either of them under any of the Leases, and Assignors agree to indemnify and hold Lender harmless from and against any and all liability, loss or damage which Lender may incur under the Leases or under or by reason of this Assignment and from and against all claims and demands whatsoever which may be asserted against it by reason of an act of Lender under this Assignment or under the Leases, other than those involving Lender's own gross negligence, willful misconduct or violation of law.

1.03. Covenants of Lender. Lender, by acceptance hereof, covenants and agrees with Assignors that:

(a) Although this Assignment constitutes an absolute, present assignment of the Leases and all rents, issues and profits of the Property, so long as there shall exist no Event of Default, Assignors and each of them shall have their respective rights (i) to collect, but not more than thirty (30) days in advance of the due date (except as provided in Section 1.02(b)(iv) above), all such rents, issues and profits from the Property to which each of Assignors may be entitled under the Leases and to retain, use and enjoy the same, (ii) to maintain the security deposits in a separate, identifiable account in a Lender in which funds are federally insured and reasonably acceptable to Lender and (iii) do all other things required of Assignors under the Leases.

(b) Upon the payment and performance in full of all indebtedness and other obligations secured hereby, as evidenced by the recording or filing of an instrument of satisfaction or full release of the Mortgage without the recording of another mortgage in favor of Lender affecting the Property, this Assignment shall become and be void and of no further effect except for any indemnity provision herein in favor of Lender and further except as may otherwise be expressly provided herein.

ARTICLE II

2.01. Event of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Nonpayment of Indebtedness. The failure of Owner to pay any installment of principal, interest, or other charges required under the Term Note or any other Loan Document, as and when the same comes due, subject only to the expiration of any applicable grace or cure period set forth therein; or,

(b) Nonmonetary Defaults. The failure of Assignors or any of them properly and timely to perform or observe any other covenant or condition set forth in any Loan Document which is not cured within any applicable grace or notice and cure period as set forth therein; or,

(c) Other Defaults. The occurrence of any "Event of Default" under, and as defined in, any other Loan Document or any of the Other Loan Documents; or,

(d) Lease Default. The occurrence of a default by Assignors or any of them under any of the Leases, which default is not cured prior to the expiration of any applicable grace or notice and cure period set forth in such Lease.

Notwithstanding anything in this paragraph, all requirements of notice shall be deemed inapplicable if Lender is prevented from giving such notice by bankruptcy or other applicable law. In such event, the cure period, if any, shall then run from the occurrence of the event or condition of default rather than from the date of notice.

2.02. Remedies. Upon the occurrence and during the continuance of any Event of Default, Lender may at its option, with or without notice or demand of any kind (except as may be provided in any of the Loan Documents), exercise any or all of the following remedies:

(a) Terminate the Operating Lease;

(b) Declare any part or all of the indebtedness evidenced by the Loan Documents to be due and payable, whereupon the same shall become immediately due and payable;

(c) Perform any and all obligations of Assignors or any of them under any of the Leases or under this Assignment and exercise any and all rights of Assignors or any of them herein or therein as fully as such Assignor itself could do, including, without limiting the generality of the foregoing, the following: enforcing, modifying or extending the Resident Admission Agreements; enforcing, modifying, extending or terminating the Operating Lease; collecting, modifying, compromising, waiving or increasing any or all of the rents payable thereunder; and obtaining new tenants and entering into new Leases on the Property on any terms and conditions deemed desirable by Lender, and, to the extent Lender shall incur any costs in connection with the performance of any such obligations of Assignors or any of them, including costs of litigation, then all such costs shall become a part of the indebtedness secured by the Loan Documents, shall bear interest from the incurrence thereof at the Term Note Rate plus 2% and shall be due and payable on demand;

(d) Institute in the name of Lender, Assignors or any of them, any legal or equitable action which Lender in its sole discretion deems desirable to collect and receive any or all of the rents, issues and profits assigned herein or otherwise to enforce the terms of the Leases.

(e) Collect the rents, issues and profits and any other sums due under any of the Leases with respect to the Property, and apply the same in such order as Lender in its sole discretion may elect to pay (i) all costs and expenses, including reasonable attorneys' fees, in connection with the operation of the Property, the performance of Assignors or any of their obligations under the Leases and collection of the rents thereunder; (ii) all costs and expenses,

including reasonable attorneys' fees, in the collection of any or all of the indebtedness secured by the Loan Documents and the Other Loan Documents, including all costs, expenses and reasonable attorneys' fees in seeking to realize on or to protect or preserve Lender's interest in any other collateral securing any or all of the indebtedness secured by the Loan Documents and the Other Loan Documents; and (iii) any or all unpaid principal, interest or other charges due under or secured by the Loan Documents and the Other Loan Documents. Any amounts remaining after such application shall be applied to the payment of the indebtedness secured by the Loan Documents or to monthly payments thereof, and upon the payment in full of the indebtedness secured by the Loan Documents, then this Assignment and all rights of Lender hereunder shall cease and terminate.

None of the remedies above shall in any way operate to cure or waive any default or Event of Default hereunder or under any other of the Loan Documents or the Other Loan Documents, or prohibit the taking of any other action by Lender under any of the other Loan Documents or the Other Loan Documents or at law or in equity to enforce the payment of such indebtedness or to realize on any other security. Lender shall have the full right to exercise any or all of the foregoing remedies without regard to the adequacy of security for any or all of the indebtedness, and with or without the commencement of any legal or equitable action or the appointment of any receiver or trustee, and shall have the full right to enter upon, take possession of, use and operate all or any portion of the Property which Lender in its sole discretion deems desirable to effectuate any or all of the foregoing remedies, all without causing a breach of the peace. In no event shall Lender be liable to any tenant/lessee under any of the Leases for the return of any security deposit in any amount in excess of the amount delivered to Lender by the landlord/lessor or to Assignors or any of them for any actions taken by Lender under this Assignment, except for Lender's gross negligence, willful misconduct or violation of law.

ARTICLE III

3.01. Subordination and Termination.

(a) Subordination. Subject to the provisions of this Agreement, Assignors hereby agree that all of their respective rights to the payment of rents, fees and proceeds of any kind whatsoever under the Leases are subordinate and subject to the payments due Lender from Assignors under the Loan Documents and the Other Loan Documents.

(b) Termination. Assignors hereby agree that upon the occurrence and during the continuance of any Event of Default, Lender, or purchaser at foreclosure or recipient of a deed in lieu thereof, shall have the right to terminate the Operating Lease without notice or demand of any kind to Assignors or any of them (except as may be provided in any of the Loan Documents) and without further liability.

ARTICLE IV

4.01. Successors and Assigns. This Assignment shall inure to the benefit of and be binding upon Assignors and Lender and their respective successors and assigns.

4.02. Terminology. All personal pronouns used in this Assignment, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa. Titles of Articles and Sections are for convenience only and neither limit or amplify the provisions of this Assignment.

4.03. Severability. If any provision of this Assignment or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Assignment and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

4.04. No Third Party Beneficiaries. This Assignment is made solely for the benefit of Lender and its assigns and no person, including any tenant/lessee under the Leases, shall have standing to bring any action against Lender as the result of this Assignment, or to assume that Lender will exercise any remedies provided herein, and no person other than Lender shall under any circumstances be deemed to be a beneficiary of any provision of this Assignment.

4.05. No Oral Modifications. Neither this Assignment nor any provisions hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

4.06. Cumulative Remedies. The remedies herein provided shall be in addition to and not in substitution for the rights and remedies vested in Lender in any of the Loan Documents and the Other Loan Documents or in law or equity, all of which rights and remedies are specifically reserved by Lender. The remedies herein provided or otherwise available to Lender shall be cumulative and may be exercised concurrently. The failure to exercise any of the remedies herein provided shall not constitute waiver thereof, nor shall use of any of the remedies herein provided prevent the subsequent or concurrent resort to any other remedy or remedies. It is intended that this clause shall be broadly construed so that all remedies herein provided or otherwise available to Lender shall continue and be, each and all, available to Lender until the indebtedness and obligations evidenced by the Loan Documents shall have been paid and performed in full.

4.07. Further Assurances. At any time and from time to time, upon request by Lender, Assignors will make, execute and deliver, or cause to be made, executed and delivered, to Lender and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be rerecorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Lender, any and all such other and further assignments, deeds to secure debt, mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the reasonable opinion of Lender, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a) the obligations of Assignors or any of them under this Assignment and (b) the security interest created by this Assignment as a first and prior security interest upon the Leases and the rents, issues, profits and security deposits from the Property. Upon any failure by Assignors or any of them so to do, Lender may make, execute, record, file, rerecord and/or refile

any and all such assignments, deeds to secure debt, mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of Assignors, and Assignors hereby irrevocably appoint Lender the agent and attorney-in-fact of Assignors so to do.

4.08. Notices. Any and all notices, elections or demands permitted or required to be made under this Assignment shall be made in accordance with the provisions relating to notice set forth in the Loan Agreement.

4.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

4.10. Applicable Law. This Agreement shall be governed by the laws and decisions of the State of Alabama, without regard to its conflicts of law provisions. Assignors consent to the jurisdiction of the Federal and State courts located in Alabama, in any matter involving the rights and obligations of the parties to any of the Loan Documents, and any other matter to which this Assignment or any other Loan Document relate.

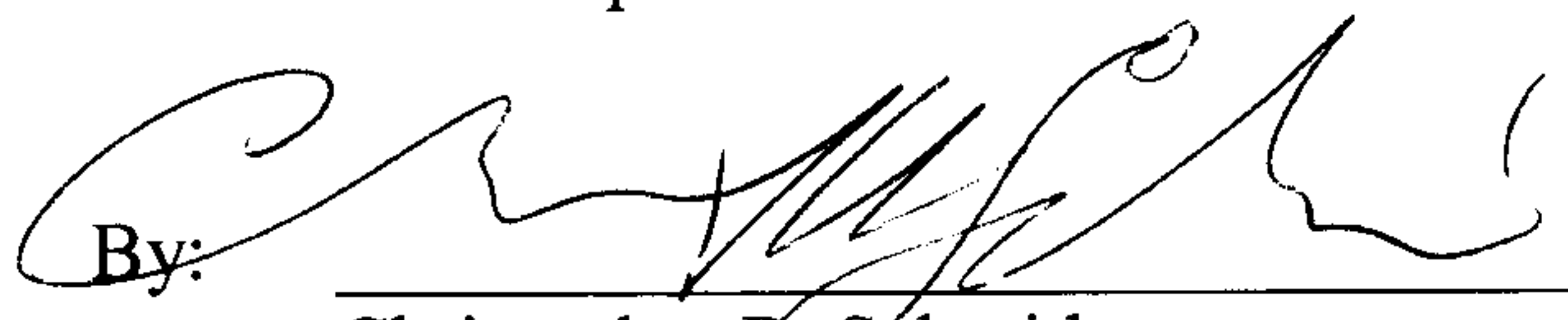
4.11. Waiver of Jury Trial. ASSIGNORS AND LENDER HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THIS ASSIGNMENT OR THE LEASES, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS ASSIGNMENT OR THE LEASES OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES HERETO WITH RESPECT TO THE LEASES, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR IN CONNECTION WITH THE TRANSACTIONS RELATED HERETO OR CONTEMPLATED HEREBY OR THEREBY OR THE EXERCISE OF ANY PARTY'S RIGHTS AND REMEDIES THEREUNDER, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. ASSIGNORS AND LENDER AGREE THAT ANY OR ALL OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN THEM SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

[Signatures begin on following page.]

IN WITNESS WHEREOF, the undersigned have caused this Assignment to be executed, sealed and delivered as of this the 27th day of May, 2015.

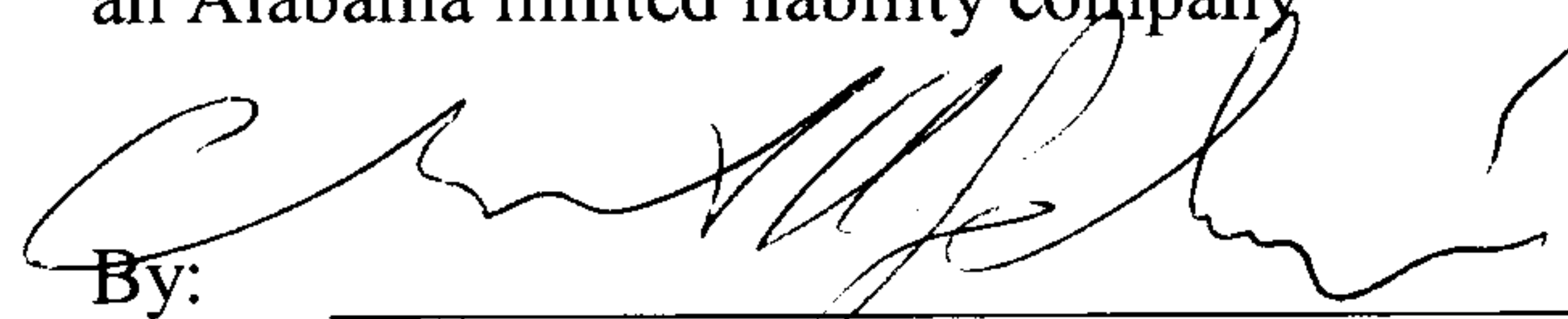
ASSIGNORS:

SHELBY RIDGE ACQUISITION CORPORATION,
an Alabama corporation


By: 
Christopher R. Schmidt,
Its President

(SEAL)

SHELBY RIDGE PROPERTIES, LLC,
an Alabama limited liability company

By: 
Christopher R. Schmidt,
Its Manager

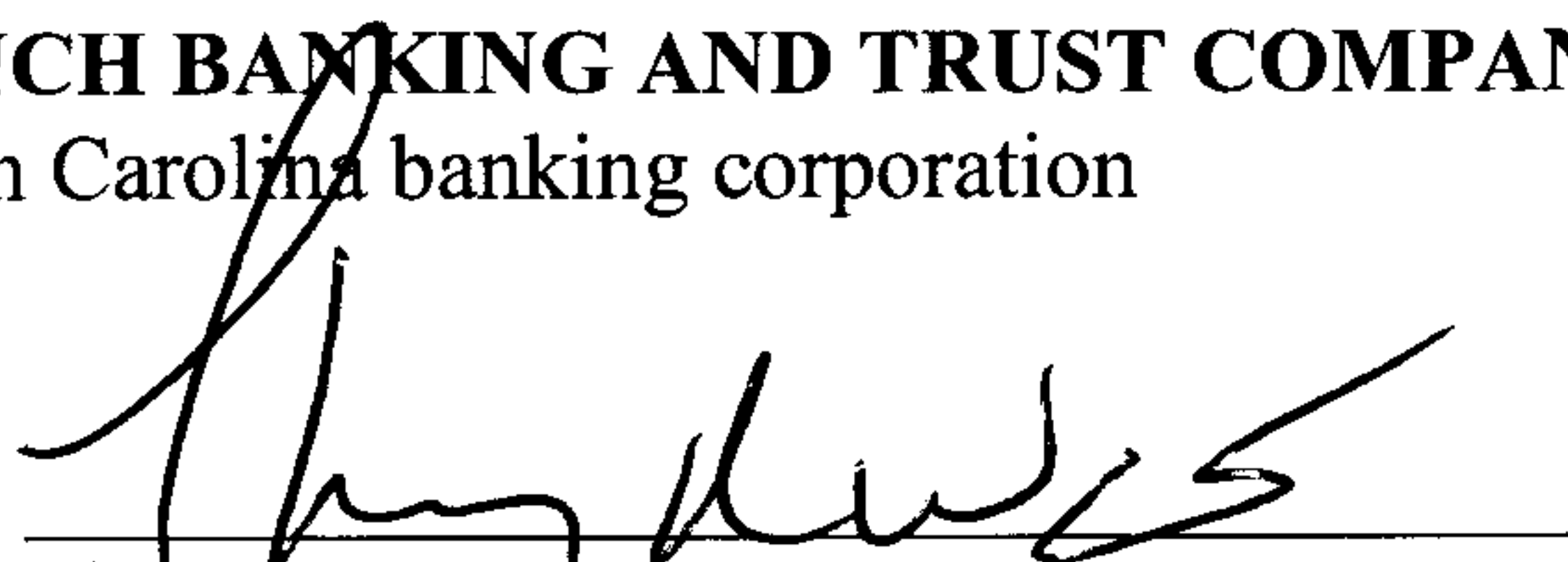
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LENDER:

BRANCH BANKING AND TRUST COMPANY,
a North Carolina banking corporation


By:



Thomas R. Waters,
Its Vice President

(SEAL)

[Acknowledgments appear on the following pages]



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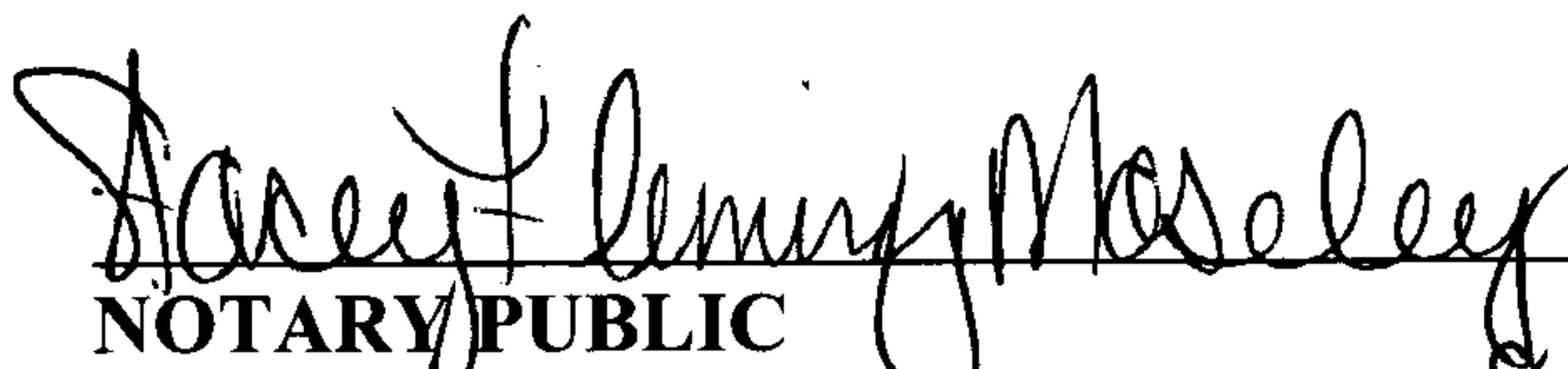
STATE OF ALABAMA

COUNTY OF MONTGOMERY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that **Christopher R. Schmidt**, whose name as Manager of **SHELBY RIDGE PROPERTIES, LLC**, an Alabama limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, in his capacity as such Manager, and with full authority, executed the same voluntarily for and as the act of said limited liability company on the date hereof.

GIVEN under my hand on this the 27th day of May, 2015.

[SEAL]


NOTARY PUBLIC
My commission expires: 03-06-18

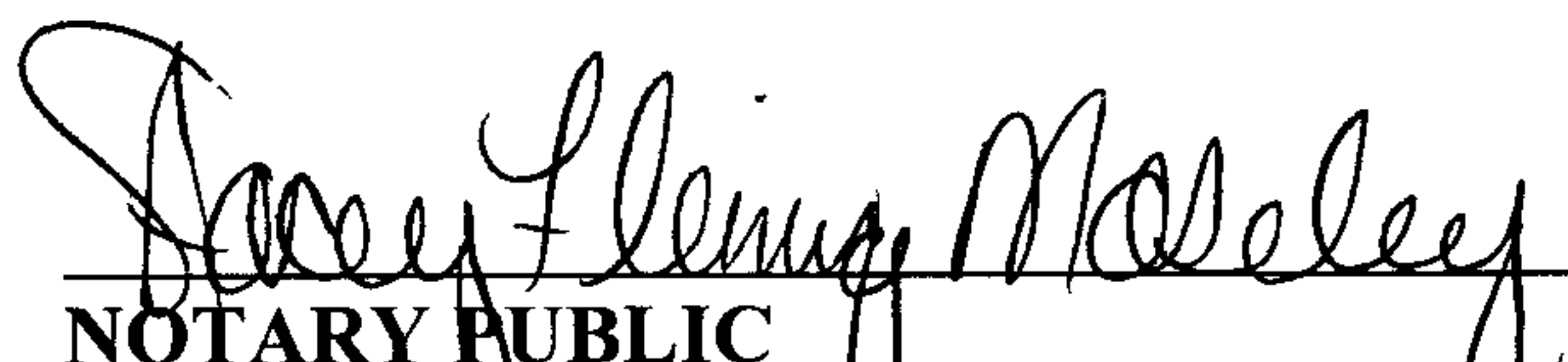
STATE OF ALABAMA

COUNTY OF MONTGOMERY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that **Christopher R. Schmidt**, whose name as President of **SHELBY RIDGE ACQUISITION CORPORATION**, an Alabama corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, in his capacity as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation on the date hereof.

GIVEN under my hand on this the 27th day of May, 2015.

[SEAL]


NOTARY PUBLIC
My commission expires: 03-06-18



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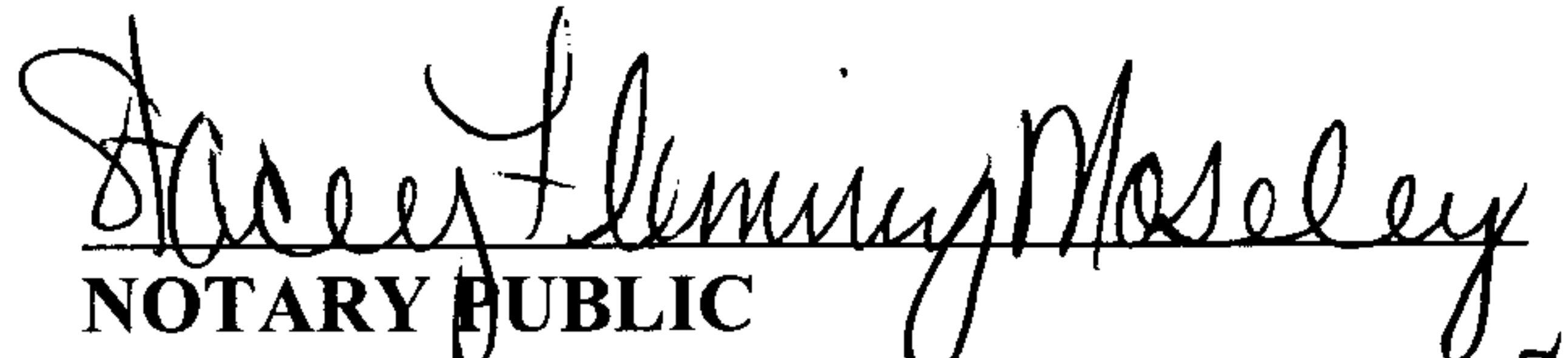
STATE OF ALABAMA

COUNTY OF MONTGOMERY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that **Thomas R. Waters**, whose name as Vice President of **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, in his capacity as such officer, and with full authority, executed the same voluntarily for and as the act of said banking corporation on the date hereof.

GIVEN under my hand on this the 27th day of May, 2015.

[SEAL]


NOTARY PUBLIC
My commission expires: 03-06-18



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Exhibit A
to
Assignment and Subordination of Leases and Rents Agreement

The following described property in Shelby County, Alabama:

Lot 1, according to the Final Plat of Shelby Ridge Nursing Home Survey, as recorded in Map Book 34, Page 60, in the Probate Office of Shelby County, Alabama.

TOGETHER WITH all of Shelby Ridge Properties, LLC's beneficial real estate interest in Drainage Easement between Baptist Health System, Inc. and Shelby Ridge Properties, LLC dated 1/1/2005 recorded at 20050112000018050 on 1/12/2005.

