

Oxton Senior Living LLC

2151 Eatonton Road
Building H Suite 1
Madison, GA 30650
(706) 438-1291

RECEIVED

MAR 04 2015

STATE HEALTH PLANNING
& DEVELOPMENT AGENCY

February 26, 2015

Alva M. Lambert, Executive Director
State Health Planning &
Development Agency
P.O. Box 303025
Montgomery, AL 36130

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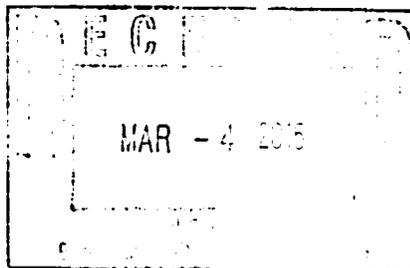
Bureau of Health
Provider Standards

Re: Change of Ownership Waterford Place 50 bed SCALF.
HAND DELIVERY

Dear Ms. Lambert:

Please be advised that Waterford Place ALF LLC is purchasing the 50 bed SCALF currently known as Waterford Place located at 3920 Antoinette Drive, Montgomery. You will find enclosed the following items:

1. Application/Change of Ownership.
2. Check for \$2500.
3. Copy of Purchase Contract with terms.
4. Page 2 Questions.



If you should require any further information please feel free to call me. Thank you.

Sincerely,

Dwayne A. Edwards
Mgr

CC: Tammy Grant

CHANGE OF OWNERSHIP

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Part I: Purchasing Organization Information

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Name of Organization: WATERFORD PLACE ALF LLC

Facility Name:
(ADPH Licensure name) WATERFORD PLACE

SHPDA ID Number: P 5103

Address (PO Box #): 3920 Antoinette's Drive

City, State, Zip, County: Montgomery, AL 36111 Montgomery

Number/Type Licensed Beds: 50 BEDS

Owner(s): Dwayne Edwards, Todd Barker

Operator(s): Tommy Grant, NDM

Part II: Selling Organization Information

Name of Organization: WATER OAKS PARTNERS LLC

Address (PO Box #): 3920 Antoinette's Drive

City, State, Zip, County: Montgomery, AL 36111 Montgomery

Number/Type Licensed Beds: 50 BEDS

Owner(s): Chris Brogdon

Operator(s): Tommy Grant, NDM

Part III: Value of Consideration

Monetary Value of Purchase: \$ 4,750,000 No./Type Beds: 50 BEDS

Terms of Purchase: SEE PURCHASE CONTRACT
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 50 BEDS

Types of Institutional Health Services: SCALF

List Service Area by County for Home Health Agencies: N/A

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- *3.) Whether the proposal will include the addition of any new beds.
- *4.) Whether the proposal will involve the conversion of beds.
- *5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms,

Seller(s) Signature(s): Water Pais Partners LLC 

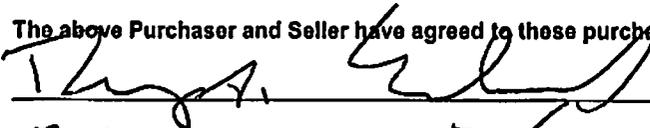
Owner(s): Water Pais Partners LLC

Operator(s): 

Title/Date: 2 2/26/15

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

YES NO The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: 

Title/Date: MSA 2/26/15

STATE OF GEORGIA)
)
COUNTY OF FULTON)

LEASE/PURCHASE AGREEMENT

THIS LEASE/PURCHASE AGREEMENT (this "Agreement") made and entered into as of this 23RD day of JANUARY, 2015 between **MONTGOMERY ALF, LLC** (hereinafter referred to as "Buyer"), located at 2151 Eatonton Road, Building H, Suite 1, Madison, Morgan County, Georgia 30650, and **WATERFORD OAKS PARTNERS, LLC** (hereinafter referred to as "Seller"), located at Two Buckhead Plaza, 3050 Peachtree Road, NW, Suite 355, Atlanta, Fulton County, Georgia 30305.

WHEREAS, Seller owns certain land, buildings, improvements, furniture, fixtures and equipment comprising a 50 unit assisted living facility known as "The Waterford Place," 3920 Antoinette Drive, Montgomery, Alabama (the "Facility"), which Facility is located on the parcel or parcels of land described on Exhibit "A" attached hereto (the "Land"); and

WHEREAS, the parties desire to enter into a lease/purchase arrangement for the Facility on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:



1. **AGREEMENT TO LEASE.** Seller hereby leases the Facility to Buyer and Buyer hereby agrees to lease the Facility from Seller on the terms and conditions set forth herein (hereinafter all provisions of this Agreement relating to such lease are collectively referred to herein as the "Interim Lease").
2. **TERM.** The term of the Interim Lease shall begin on March 1, 2015, and shall continue for three (3) months. The manner in which the parties shall conduct themselves and perform under the Interim Lease shall be specifically governed by the provisions and subsections set forth in Paragraph 25 of this Agreement.
3. **PURCHASE PRICE/INTERIM LEASE/CLOSING/DEPOSITS**
 - a. **PURCHASE PRICE/PURCHASED ASSETS.** Subject to adjustment as set forth in Section 3(a)(i) or 3(a)(ii) below, Seller agrees to purchase the Facility for \$4,750,000.00 (the "Purchase Price"). The Buyer shall acquire all assets of the Facility owned by Seller, including the Facility building itself, the Land, accounts receivable, inventory, fixed assets, trade names, and other intangibles. All of the aforesaid assets shall be free from all encumbrances, liens and secured positions prior to closing. The Buyer will assume any and all contracts as they relate to the operation of the Facility at its discretion.

- b. DELIVERY OF THE PREMISES. The Seller shall deliver control and possession of the Facility to Buyer on or before **March 1, 2015**.
- c. INTERIM LEASE ("TRIPLE NET LEASE"). The Buyer will pay Seller \$35,000.00 per month, due and payable on the tenth (10th) of each month (net of taxes and insurance) for two (3) months beginning on **March 1, 2015**. Said payments shall be mailed or delivered to Seller at Two Buckhead Plaza, 3050 Peachtree Road, NW, Suite 355, Atlanta, Georgia 30305. Lease payments shall be considered late after the fifteenth (15th) day of each month, and a late charge of 5% shall be assessed.
- d. DEPOSIT. A deposit of \$25,000.00 shall be payable upon execution of this Agreement and additional deposit of \$25,000.00 shall be payable upon possession under the Triple Net Lease. The \$50,000.00 total deposit shall be applied as a lease security deposit for the Interim Lease and as a \$50,000.00 earnest money deposit to be applied as a credit against the Purchase Price of the Facility at closing. The Deposit is non-refundable as an earnest money deposit to be applied as a credit against the Purchase Price at closing.
- e. CLOSING DATE. The closing of the purchase and sale of the Facility shall be held on or before **May 31, 2015**. The Buyer may extend the date of the closing until **June 30, 2015** upon the payment of an additional \$25,000.00 deposit.
- f. CLOSING COSTS. At closing, Seller shall pay the transfer tax on the deed of conveyance and all other charges incurred by Seller in connection with this Agreement. The Buyer shall pay all additional closing costs of every nature, including but not limited to filing fees, re-zoning costs, appraisal fees, loan costs, environmental testing, legal fees for closing services, permitting fees, and inspection, title insurance premiums and survey fees. The Seller shall be responsible for any brokerage fees or commissions. Real property and personal property taxes for 2014 shall be prorated between Seller and Buyer as of **February 1, 2015** (the commencement date of the Interim Lease).
- g. BUYERS OBLIGATION TO CLOSE. The closing shall be contingent upon Buyer obtaining financing through the issuance of First Mortgage Revenue Bonds to be issued by The Medical Clinic Board of the City of Montgomery – 1976 East (or such other Authority as may issue said bonds) in a sum sufficient to fund the purchase of the property and any new construction or renovation to the Facility.
- h. ACCESS TO INFORMATION. The Seller will give the Buyer or its representatives full access to conduct proper due diligence in reviewing the Facility's business and records regarding the period prior to the

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commencement date of the Interim Lease. Prior to and following commencement date of the Interim Lease, the Buyer or its representatives will have full access to employees of the Seller, and Seller agrees to fully cooperate in facilitating all transitions and changes of operations pertaining to the Facility's business.

- i. **ASSIGNMENT OF CONTRACTS.** Except as otherwise provided for herein, it will be a condition of closing that all material contracts of the Facility be assigned to the Buyer at Buyer's request, including any and all material employment and resident contracts which may or may not be assumed by the Buyer at its sole option.

4. **USE OF PREMISES.** The premises shall be used solely as an assisted living facility during the term of the Interim Lease except for the alteration approved in paragraph 25(g) herein below. The Buyer will not allow the Facility to be used for any purpose other than specified herein, and will not sublet same, nor any part thereof, nor assign its rights and obligations under this Agreement, without the written consent of Seller, and will not permit any transfer, by operation of law, of any interest in premises acquired through this Agreement.
5. **LICENSES.** Neither Buyer nor Seller shall knowingly take any action or fail to take any action which may (i) cause any governmental authority having jurisdiction over the operation of the Facility to institute any proceeding for the rescission or revocation of any necessary license, permit, consent or approval; or (ii) adversely affect Seller's right to accept and obtain payments to the Facility from any public or private third-party medical payment program.
6. **UTILITIES.** Both during and subsequent to the Interim Lease term, Buyer shall be responsible for making arrangements for, and paying when billed, all utilities and other services for the Facility.
7. **VOLUNTARY/AUTOMATIC TERMINATION.** Either party has the option to terminate this Agreement with respect to the Facility, without liability or penalty, upon ten (10) days' prior written notice to the other party upon the occurrence of any of the following events: (a) the Facility or any material portion thereof is damaged or destroyed to the extent that in the written opinion of any independent architect or engineer reasonably acceptable to both parties that (i) it is not practicable or desirable to rebuild, repair or restore the Facility to its condition immediately preceding such damage within a period of twelve (12) months, or (ii) to the extent the conduct of normal operations of the Facility would be prevented for a period of six (6) months or more; (b) title to or the temporary use of, all or substantially all of the Facility is taken under the exercise of the power of eminent domain by any governmental authority or person, firm, or corporation acting under governmental authority which in the opinion of an independent architect or engineer reasonably acceptable to both parties prevents or is likely to prevent the conduct of normal operations at the Facility for a period of at least six (6) months; or (c) the closing of



the sale and acquisition of the Facility from the Seller to the Buyer, in which case the Interim Lease shall automatically terminate; (d) failure of the parties to reach agreement as to the adjustment of purchase price as described in paragraph (3)(a)(i) or (3)(a)(ii) above; and (e) if no agreement as to the adjustment of a purchase price is reached, the lease term shall terminate on the Lease termination date without further obligation of Buyer.

8. **TERMINATION FOR CAUSE.** The following shall constitute events of default hereunder (each, an "Event of Default"):

- a. If either party is dissolved or liquidated, or shall apply for or consent to the appointment of a receiver, trustee or liquidator of it or all or a substantial part of its assets, makes a general assignment for the benefit of creditors, or if an order, judgment or decree shall be entered by any court of competent jurisdiction appointing a receiver, trustee or liquidator for said party or all or a substantial part of its assets, and such order, judgment or decree shall continue un-stayed or in effect for any period of ninety (90) consecutive days, then in case of any such event, the term of this Agreement shall expire, at the other party's option, on five (5) days' written notice.
- b. If Seller and/or Buyer shall fail to keep, observe or perform any material covenant, agreement, term or provision of this agreement to be kept, observed, or performed by it and such breach is not cured within thirty (30) days prior written notice thereof to the breaching party.

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(12)

9. **CAPTIONS AND HEADINGS.** The captions and headings throughout this Agreement are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this agreement nor in any way affect this Agreement.

10. **GOVERNMENT REGULATIONS.** Buyer agrees to ensure quality resident care services of the Facility in compliance with the requirements of any statute, ordinance, law, rule, regulation or order of any governmental or regulatory body having jurisdiction over the Facility and with all orders and requirements of the local board of fire underwriters or any other body which may exercise similar functions. Notwithstanding anything else herein contained, neither party shall have the right to terminate Quality Patient Care due to force majeure. As used herein, "force majeure" shall mean strikes, other labor disturbances, fires, windstorm, earthquakes, arbitrary and capricious action by third-party payors, enactment of new regulations or implementation of new policies by third-party payors, war or other state of national emergency, terrorism, or acts of God.

11. **TAXES.** Both during and subsequent to the Interim Lease term, Buyer will be responsible for the annual payment of taxes. Buyer will make such payments within

fifteen (15) days of the due date and will present evidence of the same to Seller.

12. **CONDITION OF PREMISES.** Buyer represents that it has visibly inspected the grounds and building, and that, it has received the same in good order and repair, except as to those conditions that are covered or not readily apparent to a walk through visible inspection. No representations as to condition or repair thereof have been made by Seller or its agent prior to, or at execution of, this Agreement that are not herein expressed or indorsed hereon. Should the parties opt to continue a lease in lieu of a purchase and sale, upon termination of such a lease, Buyer will return the Facility to Seller in good condition and repair (loss by fire and ordinary wear excepted), and deliver the keys upon vacating.
13. **LIABILITY.** Seller is not liable for any loss, damage or expense suffered by any person on or about the premises, except that which is caused by Seller's negligence. If Seller incurs any damage or expense due to any such claim other than a claim arising from Seller's negligence, Buyer will reimburse Seller for such damage or expense immediately upon demand.
14. **INSURANCE REQUIREMENTS.** Buyer agrees to maintain insurance, at its own expense, sufficient to protect the property from fire. Buyer agrees to carry liability, tort and comprehensive insurance in usual and ordinary amounts, protecting both Seller and Buyer, as their respective interests may appear and to provide evidence of such insurance to Seller on or prior to the commencement date of the Interim Lease and thereafter upon request.
15. **NOTICES.** All notices under this Agreement must be in writing and either delivered personally, sent by recognized overnight courier (e.g. Fed Ex) or by certified mail to the address of Seller and Buyer (or at such other address as Seller may designate by notice to Buyer). Notices that are sent by certified mail will be deemed delivered three (3) days after they are mailed.
16. **QUIET ENJOYMENT.** If Buyer is not in default under the Interim Lease (or the continuation thereof in lieu of a purchase and sale after the initial six-month period ends), Buyer may peaceably and quietly use the premises during such lease terms.
17. **NO WAIVER.** If Seller fails to enforce any provision of this Agreement, it is not deemed to waive such provision and is not prevented from enforcing such provision thereafter.
18. **SEPARABILITY.** If any part of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain effective, absent such provision.
19. **SUCCESSORS.** This Agreement is binding on all persons who may succeed to the rights of Seller or Buyer, including heirs, executors, and purchasers, as applicable.



20. **MERGER.** This Agreement represents the entire Agreement between Seller and Buyer. Seller has made no representations other than what is contained in this Agreement.
21. **AMENDMENTS.** No change in this Agreement shall be effective unless it is in writing and signed by both parties to this Agreement.
22. **ATTORNEY'S COST.** If court action is sought by either party to enforce the provisions of this Agreement, reasonable attorney's fees and costs actually incurred may be awarded to the prevailing party in the court action.
23. **CHOICE OF LAW.** This Agreement has been executed and delivered in the State of Georgia, and all the terms and provisions hereof and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws thereof.
24. **AUTHORIZATION OF AGREEMENT.** The parties represent and warrant, each to the other with respect to itself, that the execution and delivery of this Agreement has been duly authorized by all required corporate action, will not presently or with the passage of time, the giving of notice or both, result in a default under or violate or contract with (i) the provisions of the organizational documents of either party or (ii) any other agreement, mortgage, loan agreement or other conflict or instrument to which either party is bound or by which any of their property or assets is subject; or (iii) any existing law, regulation, court order, judgment or consent decree to which either party is bound or any of their property or assets are subject.
25. **SPECIFIC INTERIM LEASE TERM OPERATING TERMS**
- a. **TERM.** The term of this Agreement shall commence on the 1st day of March, 2015, and shall continue until May 31, 2015, or upon the Closing of the sale and acquisition of the Facility from the Seller to Buyer. The term may be extended upon the mutual agreement of the parties hereto.
- b. **CONDITION OF LEASED PREMISES.** Seller is leasing the Facility to Buyer in "As Is," "Where is" condition, without warranty by Seller as to the suitability of the Facility for the permitted use described in Section 4 above.
- c. **NOTIFICATION OF LEGAL CLAIMS.** Buyer shall promptly notify Seller and all insurers, as required by applicable policies, of all actual, threatened, or potential legal claims or actions affecting the Facility and shall cooperate in all legal matters and proceedings relating to resident care with Seller's counsel at Seller's direction. All legal fees arising out of incidents occurring prior to the date of this Agreement shall be the responsibility of Seller. All legal fees arising out of incidents occurring subsequent to the date of this Agreement shall be the responsibility of Buyer.

Handwritten signatures and initials. The top signature is a cursive name, possibly 'D. Smith'. Below it is a circular stamp or signature containing the initials 'DM'.

- d. DUTIES OF BUYER. Generally, Buyer shall be responsible for performance of all acts reasonably necessary in connection with the delivery of residents who are in the Facility in an efficient, cost-effective and proper manner.
- c. RECEIPT OF ASSETS. Buyer shall receive all the general operating income and pay all the general operating expenses incurred in the operation of the Facility including, but not limited to, salaries, insurance, taxes, etc.
- f. INSURANCE. Buyer will maintain or provide for professional and general liability insurance and name Seller as additional insured and loss payee on the policies. Buyer will provide to Seller, in its monthly financial reporting, evidence of such insurance coverage.
- g. LEGAL OBLIGATIONS. Buyer hereby acknowledges that it has a legal obligation to pay its rent on time each and every month, regardless of any other debts or responsibilities it may have. Buyer agrees that it will be fully liable for any back rent owed. It is also acknowledged that defaulting on this Agreement could result in a judgment being filed against it and a lien being filed against its current and future assets and/or earnings.
- h. ACCEPTANCE OF LIABILITIES. As additional and material consideration to Seller for this Agreement, Buyer agrees to accept all of Seller's operational contractual liabilities, statutory liabilities, and other operational obligations with regard to the Facility and Buyer further agrees, to the extent allowed by law, to indemnify and hold Seller (its members, managers, agents and representatives) harmless from the Facility's operational liabilities and expenses arising from the operation of the Facility that is the subject of this Agreement, except as otherwise provided for herein. The acceptance of contractual, statutory or operational liabilities shall not include tort liabilities or operational trade debt that accrued prior to Buyer's Lease Term.
- i. ACCOUNTS RECEIVABLE. The Buyer is due all receivables and private funds as of February 28, 2015.
- j. RELATIONSHIP OF PARTIES. Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between the Parties.
- k. NOTICES. Except as otherwise provided in this Agreement, all such notices, consents, requests, and other communications to any party under or in connection with this Agreement shall be deemed given (a) when given and received for (or upon the date of attempted delivery when delivery is refused), if sent via personal delivery, via certified or registered mail, return receipt requested, or via express courier or delivery service; or (b) when

Handwritten initials 'JAZ' and a circled 'TA'.

received if sent via facsimile transmission during normal business hours (confirmation of such receipt shall be confirmed), at the numbers set forth below or at such other address or numbers as shall be designated by such party in a written notice to each other party complying as to the delivery with the terms of this Section:

Seller: Waterford Oaks Partners, LLC
Two Buckhead Plaza
3050 Peachtree Road, NW
Suite 355
Atlanta, Georgia 30305
Attn: Christopher F. Brogdon

Buyer: Montgomery ALF, LLC
2151 Eatonton Road, Building H, Suite 1
Madison, Georgia 30605
Attn: Dwayne Edwards

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- l. BAD-CHECK SERVICING CHARGE. In the event Buyer's check is dishonored and returned unpaid for any reason to Seller, Buyer agrees to pay a returned check fee in the sum of fifty and 00/100 (\$50.00) dollars.
 - m. BUYER'S RESPONSIBILITY. Buyer agrees to keep quarters clean and in a sanitary condition. Buyer agrees not to permit any deterioration or destruction to occur while it is occupying the Facility Buyer agrees to maintain the walls, woodwork, floors, furnishings, fixtures, and appliances, if any, windows, doors, plumbing, and heating, electrical and mechanical systems, as well as the general structure and appearance of the property.
 - n. SELLER'S RESPONSIBILITY. If Seller fails to pay any installment of principal or interest on any mortgage pertaining to the Facility within 15 days after it is due, Buyer may make such payment and claim a setoff against the monthly rental payment due to Seller.
 - o. MAINTENANCE. Buyer agrees that it is responsible for all repairs and improvements to the property and will hold Seller harmless therefrom during the Interim Lease term. Buyer, at its expense, shall maintain in good repair and condition the entire leased premises. Buyer shall, at its expense, maintain the interior, exterior, HVAC, electrical, plumbing, and other systems and elements, equipment and fixtures of the leased premises in good repair and condition. If Buyer fails to perform this obligation and such failure continues beyond the notice and cure period agreed upon by the Parties or otherwise set forth in this Agreement, Seller may, at its option, cure such default and charge the reasonable cost thereof to Buyer. Any such cost incurred by Seller shall be due and payable on demand.

- p. FIRE AND CASUALTY. In the event of fire or other damage to the premises, Buyer will immediately notify the Seller.
- q. ALTERATIONS. During the Interim Lease term, Buyer may alter, improve, exchange, replace, modify or expand (collectively, "Alterations") the Facility as it may determine is desirable for the conversion of one wing of the Facility to a memory care unit; provided, that any Alterations in excess of Fifty Thousand Dollars (\$50,000) shall require Seller's prior written consent, which shall not be unreasonably withheld, delayed, or conditioned. All Alterations shall immediately become a part of the Facility and the property of Seller. The cost of all Alterations shall be borne solely by Buyer and Buyer shall not permit any materialmen's liens to be filed against the Facility with respect to such Alterations. All Alterations shall be constructed in a good and workmanlike manner in compliance with all applicable laws and the insurance required under this Agreement.
- r. ROOF AND TERMITE ALERT. Buyer agrees to notify Seller immediately if roof leaks, water spots appear on ceiling, or at the first sign of termite activity.
- s. REMOVAL OF SELLER'S PROPERTY. Unless otherwise specified in this Agreement, if anyone removes any property belonging to Seller without the express written consent of Seller, this will constitute abandonment and surrender of the premises by Buyer and termination by them of this Agreement. Seller may also take further legal action.
- t. BUYER'S INSURANCE. No rights of storage are given by this Agreement. Seller will not be liable for any loss of Buyer's property. Buyer hereby acknowledges this and agrees to make no such claims for any losses or damages against Seller.
- u. AMENDMENTS. Buyer will review the Facility financial statement and give Seller a certified rent roster of all residents and class of pay on or before the 15th day of each month. Buyer will indemnify the Seller from any and all claims against the Facility. The Seller will have access to Buyer's books and records of the Facility upon 24 hour notice.
- v. COMPLIANCE. Buyer agrees to observe and comply with all rules, regulations and laws now in effect or which may be enacted during continuance of this Agreement by any municipal, county, state or federal authority having jurisdiction over premises. Buyer further agrees that it will not violate nor permit any person to violate any county, state or federal law on the said premises nor conduct on said premises any business which is forbidden or prohibited by the laws of the State of Georgia.



- w. **BINDING AGREEMENT.** The terms, covenants, conditions, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their successors, and permitted assigns.
- x. **ENTIRE AGREEMENT: AMENDMENTS.** This Agreement contains the entire agreement between the parties hereto, and no prior oral or written or contemporaneous oral representations or agreements between the parties with respect to the subject matter of this Agreement shall be of any force or effect. Any additions, amendments or modifications to this Agreement shall be of no force or effect unless given in writing and signed by both Parties.

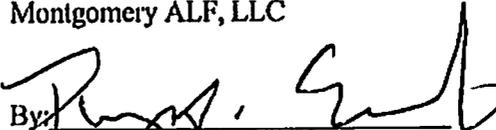


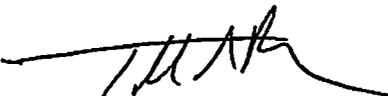

[Signatures on Following Page]

WHEREFORE, the parties hereby enter into the within and foregoing Agreement.

BUYER:

Montgomery ALF, LLC

By: 
Dwayne A. Edwards, Member

By: 
Todd Barker, Member

SELLER:

Waterford Oaks Partners, LLC

By: 
Christopher F. Brogdon, Manager

EXHIBIT "A"

Lots 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26, Block 10, according to the Map of Huntingdon Heights, as the same appears of record in the Office of the Judge of Probate of Montgomery County, Alabama, in Plat Book 9 at Page 1, said property lying on the North Side of Tullis Drive, on the West Side of Antoinette Drive and on the South Side of Greenview Drive and being more particularly described as follows:

Commencing at the Northwest Corner of Lot No. 18, Block 10 of said Huntingdon Heights, said point being a ¼" crimped pipe lying on the south right of way of Greenview Drive and the point of beginning of the parcel herein described; Thence along said right of way S 89° 53' 50" E 466.31 feet to a ¼" open pipe lying on the West right of way of Antoinette Drive; thence along the West right of way of Antoinette Drive S 00° 06' 13" W 470.00 feet to a scribe in concrete lying on the North right of way of Tullis Drive; thence along the South right of way of Tullis Drive N 89° 56' 02" W 466.01 feet to a ¼" crimped pipe, said point being the Southwest corner of Lot No. 17, Block 10 of said Huntingdon Heights; thence leaving said Right of Way N 00° 08' 02" E 234.96 feet to a ¼" crimped pipe; thence N 00° 00' 00" W 235.34 feet to the point of beginning. Said parcel containing 5.03 acres more or less.

Handwritten signature and initials in black ink, consisting of a large, stylized signature above a smaller circle containing the initials 'IK'.

Change of Ownership Waterford Place Page 2 questions

1. There is no construction cost at this time.
2. The services will be the same as the facility is currently offering-no changes.
3. There will be no addition of new beds.
4. There will be no conversion of beds.
5. This will be an asset purchase only.