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Landmark DeSoto
DeSoto County, Mississippi

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To the Chancery Clerk of DeSoto County, Mississippi:
The real property described herein is situated in the SE Quarter of the SE Quarter of Section 33, Township 1 South, Range 8 West of DeSoto County, Mississippi.

**ASSIGNMENT OF LEASES AND RENTS, AND
SUBORDINATION AGREEMENT**

Borrower:	Louisiana Extended Care Centers, Inc., Mississippi Extended Care Centers, Inc., and Community Extended Care Centers, Inc.	Lender:	Bank One, NA 451 Florida Blvd. Baton Rouge, LA 70801 Attn: Commercial Real Estate
Assignor:	Mississippi Extended Care Centers, Inc.		

THIS ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND SUBORDINATION AGREEMENT (this "Assignment") dated as of August 21, 2002, is made and executed between **MISSISSIPPI EXTENDED CARE CENTERS, INC.**, a Mississippi corporation whose address is 763 Avery Boulevard North, Ridgeland, Mississippi 39517 ("Assignor"), and **BANK ONE, NA**, with its main office in Chicago, Illinois, a national banking association, whose address is 451 Florida Boulevard, Baton Rouge, Louisiana 70801 (referred to below as "Lender").

RECITALS:

1. Assignor is the owner of certain real (immovable) property situated in the DeSoto County, Mississippi, being more particularly described on Exhibit A attached hereto (said property, together with all buildings, improvements, and fixtures located thereon hereinafter referred to as the "Property").
2. On June 1, 2002, Assignor leased the Property to DeSoto Community Care Center, LLC, a Mississippi limited liability company, pursuant to the terms and conditions of that certain recorded lease agreement dated June 1, 2002 recorded in the land records of the Chancery Clerk of DeSoto County, Mississippi at Book 94, Page 346 (the "Property Lease"); and
3. Pursuant to a loan agreement dated October 2, 2000, by and between Assignor and Lender, Lender agreed to make a loan to Assignor in the amount of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) (the "MECC Loan"), as evidenced by that certain Promissory Note dated October 2, 2000, made by the Assignor to the order of the Lender, in the principal amount of the MECC Loan and being due and payable in full on October 1, 2002, which note was amended on December 1, 2001, to reflect, *inter alia*, a reduction in the principal amount thereof and an extension of the maturity date to January 1, 2007 (collectively, the "MECC Note"); and
4. The MECC Note is secured by a deed of trust, dated October 2, 2000, granted by Assignor for the benefit of Lender and recorded in Book 1256 at Page 577 in the office of the Chancery Clerk of DeSoto County, Mississippi, which deed of trust was modified by that certain Extension Agreement dated December 31, 2001, executed by and between Assignor and Lender, recorded in Book 1446 at Page 332 of the land records of the aforesaid Chancery Clerk (said deed of trust, as modified by said Extension Agreement, hereinafter referred to as the "MECC Deed of Trust"), which MECC Deed of Trust is now a lien on the Property; and
5. In addition to the MECC Loan, Lender has made other loans to affiliates of Assignor, namely, Community Extended Care Centers, Inc., a Mississippi corporation ("CECC") and Louisiana Extended Care Centers, Inc., a Louisiana corporation ("LECC") (which loans, together with the MECC Loan, are hereinafter referred to collectively as the "Affiliate Loans"); and
6. On even date herewith, Lender, Assignor, CECC, and LECC agreed to consolidate the Affiliate Loans into a single loan (the "Consolidation Loan"), made by Lender, in favor of Assignor, CECC, and LECC, as co-borrowers (the "Consolidation Borrowers"), in the

amount of TWENTY-FOUR MILLION EIGHT HUNDRED TWENTY-FOUR THOUSAND NINE HUNDRED ONE AND 62/100 DOLLARS (\$24,824,901.62), pursuant to the terms and conditions of that certain loan agreement (the "Consolidation Loan Agreement") of even date herewith, by and between Lender and the Consolidation Borrowers, as evidenced by that certain promissory note (the "Consolidation Note") of even date therewith, made by the Consolidation Borrowers to the order of Lender, in the principal amount of the Consolidation Loan, and being due and payable on August 21, 2005, which Consolidation Loan amount represents the total outstanding principal and interest due under the Affiliate Loans as of the date hereof; and

7. Assignor and Lender have amended the MECC Deed of Trust to include the indebtedness evidenced by the Consolidation Note, which amendment has or will be filed in the land records of DeSoto County, Mississippi (said amendment and the MECC Deed of Trust hereinafter referred to as the "Deed of Trust"); and,
8. In connection with the Consolidation Loan, Lender will require the execution of various mortgages, pledges, deeds of trust, assignments, security agreements, amendments, guaranties, and certificates (said documents, including this Amendment, the Consolidation Note, the Consolidation Loan Agreement and any other documents, whether now or hereafter existing, executed in connection with the Consolidation Loan, together with any extensions, modifications and renewals thereof, hereinafter collectively referred to as the "Consolidation Loan Documents");
9. As a condition precedent to Lender making the Loan, Lender shall require Assignor to execute this Assignment.

ASSIGNMENT. For valuable consideration, Assignor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Assignor's right, title, and interest in and to the Leases and the Rents, as said terms are defined herein (collectively, the "Leasehold Interests") from the Property.

GRANT OF SECURITY INTEREST. Assignor assigns, pledges and hereby grants to Lender a continuing security interest in the Leasehold Interests to secure the prompt and punctual payment and satisfaction of the Obligations. This Assignment shall remain in effect until such time as this Assignment and the security interests created hereby are terminated and cancelled by Lender under a written cancellation instrument in favor of Lender.

PROPERTY TO SECURE PRESENT AND FUTURE OBLIGATIONS. Assignor affirms that Assignor's assignment and pledge of the aforesaid Leasehold Interests is intended to and shall secure any and all present and future Obligations, as may be outstanding from time to time, one or more times, up to the maximum principal dollar limitations not to exceed \$50,000,000.00

together with interest, costs, expenses, reasonable attorneys' fees and other fees and charges, with the continuing preferences and priorities provided under applicable Louisiana law.

DELIVERY OF DOCUMENTS. Contemporaneous with the execution of this Assignment, Assignor shall deliver to Lender or Lender's designated agent, any and all documents, instruments and other writings evidencing or giving rise to the Loan. As long as this Assignment remains in effect, Assignor shall immediately deliver to Lender or to Lender's designated agent, any and all future documents, instruments, or other writings applicable or in any way germane to such Loan.

NOTICE TO OBLIGORS. Upon request by Lender, Assignor shall immediately notify individual lessees, sublessees and/or obligors under the Leasehold Interests, advising such lessees, sublessees and/or obligors of the fact that their obligations have been assigned to Lender. In the event that Assignor should fail to provide such notices for any reason upon request by Lender, Assignor agrees that Lender may forward appropriate notices to such lessees, sublessees and/or obligors, either in Lender's name or in the name of Assignor or Borrower.

ASSIGNOR'S OBLIGATIONS AS LESSOR. Assignor shall faithfully perform any and all of Assignor's obligations as lessor or sublessor of the Leasehold Interests, with Assignor further agreeing not to do, neglect to do, or permit to be done, anything that may result in the modification, substitution or termination of any Lease, or the obligations of any lessee or sublessee, or any other person, or which may diminish or impair the value of any Lease, or Rents provided therein, or the interests of Assignor or Lender therein or thereunder. Assignor shall further immediately notify Lender in writing of any default, substitution, cancellation, or notice of cancellation under any such Lease. Assignor will not, without the prior written consent of Lender, which consent shall not be unreasonably withheld: (A) cancel, terminate, or accept a surrender or permit any substitution, cancellation, termination or surrender of any Lease; (B) modify any Lease as to reduce the term thereof, or the payments thereunder, or change any renewal provisions contained therein; (C) commence any summary proceeding or other action to recover possession of any of the Leasehold Interests, other than a proceeding brought in good faith resulting from a default by the lessee or sublessee under the terms and conditions of the Leases; (D) receive or collect, or permit the receipt or collection of, any Rents except in accordance with the terms and conditions of the Leases previously approved by Lender in writing; (E) take any other action with respect to any of the Leases that may tend to impair the security of Lender under this Assignment; (F) lease, sublease, or extend any present Lease other than in the manner provided for therein, or enter into any future Leases of all or any portion of the Property except on the best terms reasonably obtainable, under Leases which shall in all respects be satisfactory to Lender as to the form and substance, and the credit standing of the respective lessees or sublessees thereunder; or (G) sell, assign, or otherwise transfer any of the Leasehold Interests.

DEFAULT UNDER BORROWER'S OBLIGATIONS. Should Borrower, Assignor or any one or more of the Pledgors, for any reason, fail to comply with Borrower's, Assignor's, or any one or more of the Pledgors' obligations under the Consolidation Loan Documents, Lender may make additional advances on Borrower's, Assignor's or Pledgors' behalf and/or take such other action or actions as Lender may deem proper within its sole discretion, to perform such obligations on Borrower's, Assignor's or Pledgors' behalf and to cure and rectify any such default or defaults and/or to prevent additional defaults on Borrower's, Assignor's, or any one or more of the Pledgors' part. All additional sums advanced by Lender for such purposes, together with interest thereon at the rate provided under the Note or other instrument(s) evidencing the Obligations, shall constitute additional Obligations secured by this Assignment.

ASSIGNOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Assignor represents, warrants and covenants that:

- a. Assignor is, and will continue to be, the legal and beneficial owner of the Leasehold Interests, free from any liens, encumbrances, or security interests, except for the security interest granted herein, and existing liens disclosed to Lender in writing, and Assignor will defend the Leasehold Interests, including the Leasehold Interests, against all claims and demands of all persons at any time claiming any interest in the Leasehold Interests;
- b. Assignor has the right, power and authority to enter into this Assignment, to assign and pledge the Leasehold Interests to Lender to secure repayment of the Obligations, and to grant a security interest in the Leasehold Interests to secure repayment of the Obligations;
- c. Assignor's execution and delivery of this Assignment and Assignor's performance hereunder, will not violate or constitute a default under the terms of any agreement, indenture or other instrument, license, judgment, decree, order, law, statute, ordinance or other governmental rule or regulation applicable to the Leasehold Interests, or the Property;
- d. Assignor has not made any previous assignments or pledges or otherwise encumbered any of the Leasehold Interests, nor has Assignor granted a security interest in the Leasehold Interests other than the security interest granted herein, and Assignor hereby covenants to keep the Leasehold Interests free of liens, encumbrances and other security interests, except for the security interest granted herein, and will maintain the Leasehold Interests in good repair, not use it illegally, and exhibit the Leasehold Interests to Lender on demand;

- e. Upon the proper filing of this Assignment, this Assignment shall create a valid first lien in favor of Lender upon, and perfect a security interest in, such Leasehold Interests subject to no prior security interest, lien, charge, encumbrance or agreement purporting to grant to any third party a security interest in any of the Leasehold Interests;
- f. The Leasehold Interests represents and/or will represent bona fide obligations of the lessees, sublessees and/or other obligors thereunder, free of any offset, compensation, deduction or counterclaim;
- g. The Leasehold Interests are and will continue to be in full compliance with all applicable state and federal laws and regulations;
- h. Assignor will not sell, lease, license or offer to sell, lease, license or otherwise transfer the Leasehold Interests or any rights in or to the Leasehold Interests, without the written consent of the Lender, except in the ordinary course of business; and,
- i. Assignor will pay promptly when due all taxes and assessments upon the Leasehold Interests.

ADDITIONAL OBLIGATIONS OF ASSIGNOR. The following shall constitute additional obligations of Assignor under this Assignment:

Additional Property. In the event that any of the Leasehold Interests should become unsatisfactory to Lender for any reason, Assignor agrees to immediately provide Lender with additional collateral security as may then be acceptable to Lender.

No Settlement or Compromise. Assignor will not, without the prior written consent of Lender, compromise, settle, adjust or extend payment under any of the Leasehold Interests or the Property.

Books and Records. Assignor will keep proper books and records with regard to Assignor's business activities and the Leasehold Interests, which books and records shall at all times be open to inspection and copying by Lender or its designated agent. Lender shall also have the right to inspect Assignor's books and records, and to discuss Assignor's affairs and finances with Assignor at such reasonable times as Lender may designate.

Verifications. Lender or Lender's agents may periodically contact individual lessees, sublessees or obligors whose obligations have been assigned and pledged under this Assignment in order to verify such obligations, determine whether such lessees,

sublessees or obligors have any offsets or counterclaims against Assignor, and with respect to such other matters about which Lender may inquire.

NOTIFICATION OF LENDER AND ASSIGNOR. All notices, requests, demands, consents, approvals or other communications given hereunder or in connection herewith shall be in writing, shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery or expedited delivery service, delivery charges prepaid and with acknowledged receipt of delivery, shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed to the party to receive such notice at the following applicable address:

If to Lender: Bank One, NA
451 Florida Boulevard
Baton Rouge, Louisiana 70801
Attn: Michael A. Blue
Facsimile No.: (225) 332-7216

Copy to: McGlinchey Stafford, PLLC
643 Magazine Street
New Orleans, Louisiana 70130
Attn: Julia H. Terry, Esq.
Facsimile No.: (504) 596-2800

If to Assignor: Mississippi Extended Care Centers, Inc.
763 Avery Boulevard North
Ridgeland, Mississippi 39157
Attn: Hibernia Dyess
Facsimile No.: (601) 967-7055

Either party may, by notice given as aforesaid, change its address for all subsequent notices. Each notice by or on behalf of the Lender shall be deemed sufficient if signed by any one of the Lender's officers or the Lender's counsel and if otherwise given or made in compliance with this Section.

ADDITIONAL DOCUMENTS. Assignor further agrees to execute and deliver to Lender upon request all additional documents which Lender may deem necessary and proper, within its sole discretion, to better reflect the true intent of this Assignment.

LIMITED OBLIGATIONS OF LENDER. Beyond the exercise of reasonable care to assure the safe custody of any documents relating to the Leasehold Interests delivered to Lender, Lender shall have no duty or liability to preserve any of the Leasehold Interests and shall be relieved of all responsibility upon surrendering to Assignor the various documents, instruments and other writings relating thereto then in Lender's possession.

EFFECT OF WAIVERS. Assignor has waived, and/or does by these presents waive, all pleas of division and discussion with regard to the Obligations and agrees that Assignor shall remain liable together with all guarantors, endorsers and sureties of the Obligations on a "joint and several" or "solidary" basis, subject to the terms and conditions of the Consolidation Loan Documents. Assignor waives and agrees not to enforce any rights of subrogation, contribution or indemnification that it may have against Borrower, any person liable on the Obligations, or the Leasehold Interests, until Borrower and Assignor have fully performed all their obligations to the Lender, even if those obligations are not covered by this Assignment. Assignor waives (a) to the extent permitted by law, all rights and benefits under any laws or statutes regarding sureties, as may be amended, (b) any right Assignor may have to receive notice of the following matters before Lender enforces any of its rights: (i) Lender's acceptance of this Assignment, (ii) any credit that Lender extends to Borrower, (iii) Borrower's default, (iv) any demand, diligence, presentment, dishonor and protest, or (v) any action that Lender takes regarding Borrower, anyone else, any other collateral for the Obligations, or any of the Obligations, which it might be entitled to by law or under any other agreement, (c) any right it may have to require Lender to proceed against Borrower, any other obligor or guarantor of the Obligations, the Leasehold Interests or any other collateral for the Obligations, or pursue any remedy in Lender's power to pursue, (d) any defense based on any claim that Assignor's obligations exceed or are more burdensome than those of the Borrower, (e) the benefit of any statute of limitations or prescriptive period affecting Assignor's obligations hereunder or the enforcement hereof, (f) any defense arising by reason of any disability or other defense of Borrower or Assignor or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of Borrower or Assignor for the Obligations, and (g) any defense based on or arising out of any defense that Borrower or Assignor may have to the payment or performance of the Obligations or any portion thereof. Lender may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. Assignor further agrees that discharge or release of any party who is or will be liable under any of the Obligations, or the release of any collateral directly or indirectly securing repayment of the same, shall not have the effect of releasing Assignor, and/or the Leasehold Interests, and/or any other party or parties guaranteeing payment of the Obligations, who shall remain liable to Lender, and/or of releasing any other collateral that is not expressly released by Lender.

Assignor additionally agrees that Lender's acceptance of payments other than in accordance with the terms of any agreement or agreements governing repayment of the Obligations, or Lender's subsequent agreement to extend or modify such repayment terms, shall likewise not have the

effect of releasing Assignor or Borrower and/or of releasing the Leasehold Interests, and/or any other party or parties guaranteeing payment of the Obligations from their respective obligations to Lender, and/or of releasing any other collateral directly or indirectly securing repayment of the Obligations. In addition, no course of dealing between Assignor or Borrower and Lender, nor any failure or delay on the part of the Lender to exercise any of the rights and remedies granted to Lender under this Assignment, or under any other agreement or agreements by and between Assignor or Borrower and Lender, shall have the effect of waiving any of Lender's rights and remedies. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies, it being Assignor's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Assignor further agrees that, should Assignor or Borrower default under any of the Obligations in favor of Lender, any waiver or forbearance on the part of Lender shall be binding upon Lender only if the forbearance is in writing.

LENDER'S EXPENDITURES. Assignor recognizes and agrees that Lender may incur certain expenses in connection with Lender's exercise of rights under this Assignment. If any action or proceeding is commenced that would materially affect Lender's interest in the Leasehold Interests or if Assignor or Borrower fails to comply with any provision of this Assignment or any of the Consolidation Loan Documents, including but not limited to Assignor's or Borrower's failure to discharge or pay when due any amounts Assignor or Borrower is required to discharge or pay under this Assignment or any Consolidation Loan Documents, Lender on Assignor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, encumbrances and other claims, at any time levied or placed on the Leasehold Interests or the Property and paying all costs for insuring, maintaining and preserving the Leasehold Interests and the Property, including without limitation, the purchase of insurance protecting only Lender's interest in the Leasehold Interests and the Property. Lender may further take such other action or actions and incur such additional expenditures as Lender may deem to be necessary and proper to cure or rectify any actions or inactions on Assignor's or Borrower's part as may be required under this Assignment. Nothing under this Assignment or otherwise shall obligate Lender to take any such actions or to incur any such additional expenditures on Assignor's or Borrower's behalf, or as making Lender in any way responsible or liable for any loss, damage, or injury to the Leasehold Interests and the Property, to Assignor, or Borrower, or to any other person or persons, resulting from Lender's election not to take such actions or to incur such additional expenses. In addition, Lender's election to take any such actions or to incur such additional expenditures shall not constitute a waiver or forbearance by Lender of Default under this Assignment. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Assignor. All such expenses will become a part of the Obligations and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable

insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Assignment also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Default will occur if any Obligations is not paid in full when due, by Borrower, whether by acceleration or otherwise, or if there should occur or exist any Event of Default under the Collateral Mortgage, this Assignment, or any other Loan Document by Borrower, Assignor or any other entity pledging collateral to secure repayment of the Loan.

RIGHTS AND REMEDIES ON DEFAULT. Upon Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Lender's Right to Accelerate. Should Default occur or exist under this Assignment, as provided above, Lender shall have the right, at its sole option, to accelerate the maturity of and to declare any and all Obligations then owed to Lender to be immediately due and payable. Lender shall have the further right, again at its sole option, to exercise and/or pursue any of the rights and remedies granted to Lender under this Assignment or otherwise.

Sale of Leasehold Interests. Subject to any mandatory requirements under applicable Louisiana law, should Default occur or exist under this Assignment, as provided above, Lender shall have the rights and remedies provided by law or this Assignment, including but not limited to the right to take possession of the Leasehold Interests with or without demand and with or without process of law, and the right to sell and dispose of it and distribute the proceeds according to law. Furthermore, Lender shall have the right, at its sole option, to sell or otherwise dispose of and deliver the Leasehold Interests, or any part or parts thereof, or interests therein, or agree to do so, in one or more parcels, at private or public sale or sales, at any exchange or at any of Lender's offices or elsewhere, at such prices and on such terms as Lender may deem best, for cash or on credit or for future delivery, without the assumption of any credit risk, and without any further demand upon Assignor for performance, advertisement, appraisal, or notice of any kind, all of which are expressly waived to the extent permitted under applicable law. Should a default occur, Assignor will pay to Lender all costs reasonably incurred by Lender for the purpose of enforcing its rights hereunder, to the extent not prohibited by law, including, without limitation: costs of foreclosure; costs of obtaining money damages; and a reasonable fee for the services of internal and outside attorneys employed or engaged by Lender for any purpose related to this Assignment, including, without limitation, consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or any proceeding. Lender's compliance with any applicable state or federal

law requirements in connection with the disposition of the Leasehold Interests will not adversely affect the commercial reasonableness of any sale of the Leasehold Interests. Lender may disclaim warranties of title, possession, quiet enjoyment, and the like, and Assignor agrees that any such action shall not affect the commercial reasonableness of the sale. In connection with the right of Lender to take possession of the Leasehold Interests, Lender may take possession of any other items of property in or on the Leasehold Interests at the time of taking possession, and hold them for Assignor without liability on the part of Lender. Assignor expressly agrees that Lender may enter upon the premises where the Leasehold Interests is believed to be located without any obligation of payment to Assignor. If there is any statutory requirement for notice, that requirement shall be met if Lender sends notice to Assignor at least ten (10) days prior to the date of sale, disposition or other event giving rise to the required notice, and such notice shall be deemed commercially reasonable, provided, however, that Lender may, at any time and at its sole discretion, and without notice to Assignor, sell any of the Leasehold Interests for which a market exists at the market price of such Leasehold Interests. Assignor is liable for any deficiency remaining after disposition of the Leasehold Interests.

Assignor expressly grants to Lender the full and irrevocable power to sell the Leasehold Interests, or any part or parts thereof, in the manner hereinabove specified without the intervention of any court and without any formalities other than those provided above. For purposes of selling the Leasehold Interests, Lender is hereby made and constituted the agent and attorney-in-fact of Assignor, such agency being coupled with an interest. Assignor recognizes that Lender may not be able to effect a public sale of all or a part of the Leasehold Interests and Lender may be compelled or deem it best to resort to one or more private sales to a restricted group of purchasers. At any such private sale, Lender and/or anyone on whose behalf Lender shall act, or anyone else, may be the purchaser of the Leasehold Interests, and any and all of the rights and interests so sold, and may thereafter hold the same absolutely free of any claim or right whatsoever, including any right of equity of redemption of Assignor, anyone claiming through Assignor, and the title acquired by the purchaser(s) of the Leasehold Interests, and any such sale shall be indefeasible as though such sale had been made in a valid, judicial proceeding.

Specific Performance. Lender may, in addition to or in lieu of the foregoing remedies, in Lender's sole discretion, commence an appropriate action against Assignor seeking specific performance of any covenant contained in this Assignment or in aid of the execution or enforcement of any power in this Assignment granted.

ELECTION OF REMEDIES. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Assignment or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to

take action to perform an obligation of Borrower or Assignor under the Consolidation Loan Documents, including this Assignment, after Borrower's or Assignor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Assignment or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Borrower, Assignor, and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Obligations.

LENDER'S RIGHT BEFORE OR AFTER DEFAULT TO PROCEEDS AND PAYMENTS. Lender shall have the additional right, at any time and for any reason, whether or not Default exist under this Assignment, to directly collect and receive the benefit of all obligations and all proceeds and/or payments assigned to Lender under this Assignment, as such amounts and/or obligations become due and payable. In order to permit the foregoing, Assignor unconditionally agrees to deliver to Lender, immediately following demand, any and all records and other documentation, in the form requested by Lender, with regard to the Leasehold Interests. Assignor further unconditionally agrees that Lender shall have the right to notify individual lessees, sublessees and/or obligors under such obligations to pay such proceeds and payments directly to Lender at an address to be designated by Lender and to do any and all other things as Lender may deem necessary and proper, within its sole discretion, to carry out the terms and intent of this Assignment. Lender shall have the further right, where appropriate and within Lender's sole discretion, to file suit, either in its own name or in the name of Assignor or Borrower, to enforce any obligations and/or to collect any and all such proceeds and payments that may now and in future be due and owing under the Leasehold Interests. Assignor agrees that Lender may compromise or take such other actions, either in Assignor's or Borrower's name or in the name of Lender, as Lender may deem appropriate within its sole judgment, with regard to collection and payment of the same, without affecting the liability of Assignor under this Assignment or of Assignor or Borrower under the Obligations secured hereby.

In order to further permit the foregoing, Lender shall have the additional irrevocable right, coupled with an interest, to: (1) remove any and all of Assignor's documents, files and records related or pertaining to the Leasehold Interests from any premises where the same shall then be located; (2) at Assignor's sole cost and expense, use such of Assignor's personnel, supplies and space at Assignor's place or places of business as may be necessary, within Lender's sole discretion, to properly administer the Leasehold Interests, including the Leasehold Interests, and/or to handle collections thereon; (3) receive, open and dispose of all mail addressed to Assignor pertaining to any of the Leasehold Interests; (4) notify the postal authorities to change the address and delivery of mail addressed to Assignor pertaining to any of the Leasehold Interests, to such address as Lender may designate; (5) endorse Assignor's name on any and all notes, acceptances, checks, drafts, money orders or other evidence of payment of the Leasehold Interests that may come into Lender's possession, and to deposit or otherwise collect the same,

applying such funds to the unpaid balance of Obligations in the manner provided below; (6) prepare and mail invoices relating to the Leasehold Interests; (7) send verifications of the Leasehold Interests to the lessees, sublessees and/or obligors thereunder; and (8) execute in Assignor's name affidavits and/or notices with regard to any lien rights available to Assignor under such the Leasehold Interests.

INDEMNIFICATION. Assignor agrees to indemnify, defend and hold the Lender, and any of its subsidiaries or affiliates or their successors, and each of their respective shareholders, directors, officers, employees and agents (collectively the "Indemnified Persons") harmless from any and all obligations, claims, liabilities, losses, damages, penalties, fines, forfeitures, actions, judgments, suits, costs, expenses and disbursements of any kind or nature (including, without limitation, any Indemnified Person's attorneys' fees) (collectively the "Claims") which may be imposed upon, incurred by or assessed against any Indemnified Person (whether or not caused by any Indemnified Person's sole, concurrent, or contributory negligence) arising out of or relating to this Assignment; the Assignor's use of the Property and Leasehold Interests covered by this Assignment; the exercise of the rights and remedies granted under this Assignment (including, without limitation, the enforcement of this Assignment and the defense of any Indemnified Person's action or inaction in connection with this Assignment); and in connection with the Assignor's failure to perform all of the Assignor's obligations under this Assignment, except to the limited extent that the Claims against any such Indemnified Person are proximately caused by such Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this section shall survive the termination of this Assignment and shall extend to and continue to benefit each individual or entity who is or has at any time been an Indemnified Person.

Assignor's indemnity obligations under this section shall not in any way be affected by the presence or absence of covering insurance, or by the amount of such insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under any insurance policy or policies affecting Assignor's assets or Assignor's business activities. Should any Claim be made or brought against any Indemnified Person by reason of any event as to which Assignor's indemnification obligations apply, then, upon any Indemnified Person's demand, Assignor, at its sole cost and expense, shall defend such Claim in the Assignor's name, if necessary, by the attorneys for Assignor's insurance carrier (if such Claim is covered by insurance), or otherwise by such attorneys as any Indemnified Person shall approve. Any Indemnified Person may also engage its own attorneys at its reasonable discretion to defend Assignor and to assist in its defense and Assignor agrees to pay the fees and disbursements of such attorneys.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Acceptance. This Assignment is accepted by Lender in the State of Louisiana.

Amendments. No amendment, modification, consent or waiver of any provision of this Assignment, and no consent to any departure by Assignor there from, shall be effective unless the same shall be in writing signed by a duly authorized officer of Lender, and then shall be effective only as to the specific instance and for the specific purpose for which given.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

Governing Law. This Assignment will be governed by, construed and enforced in accordance with federal law and the laws of the State of Louisiana, except with respect to Lender's rights to realize its interest in the Leasehold Interests. The loan transaction which is evidenced by the Note and this Assignment has been applied for, considered, approved and made, and all necessary Consolidation Loan Documents have been accepted by Lender in the State of Louisiana.

Choice of Venue. If there is a lawsuit, Assignor agrees upon Lender's request to submit to the jurisdiction of the courts of the State of Louisiana.

Joint and Several Liability. All obligations of Assignor under this Assignment shall be joint and several, and all references to Assignor shall mean each and every Assignor. This means that each Assignor is responsible for all obligations in this Assignment.

Merger. There shall be no merger of the interest or estate created by this assignment with any other interest or estate in the Leasehold Interests at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Amendments and Interpretation. (1) What is written in this Assignment is the entire agreement of the undersigned with Lender concerning the Leasehold Interests. This Assignment may not be changed except by another written agreement between Lender and the undersigned. (2) If more than one person or entity signs below, the obligations of each are on a "solidary" or "joint and several" basis. This means that the words "I," "me," and "my" individually, collectively and interchangeably mean each and every person or entity signing this Assignment, and that, if Lender brings a lawsuit, Lender may sue any one or more of us. I also understand Lender need not sue Assignor first, and that Assignor need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment. (4) The undersigned agrees that this Assignment is the best evidence of the agreements of the undersigned with Lender.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Assignment shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Assignment. No prior waiver by Lender, nor any course of dealing between Lender and Borrower or Assignor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or Assignor's obligations as to any future transactions. Whenever the consent of Lender is required under this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Assignor until such time as the same are renounced by Lender.

Severability. If any provision of this Assignment is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Assignment shall be construed and enforceable as if the illegal, invalid or unenforceable provision had never comprised a part of it, and the remaining provisions of this Assignment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Assignment, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

Successors and Assigns Bound; Solidary Liability. Subject to any limitations set forth herein on transfer of the Leasehold Interests, this Assignment shall be binding upon and inure to the benefit of the parties, and their successors and assigns. In the event that there is more than one Assignor under this Assignment, all of the agreements and obligations made and/or incurred by any Assignor under this Assignment shall be on a "solidary" or "joint and several" basis.

WAIVER OF HOMESTEAD EXEMPTION. Assignor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Louisiana as to all Obligations secured by this Assignment.

WAIVERS OF RIGHT OF REDEMPTION. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, ASSIGNOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON ASSIGNOR'S OR BORROWER'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF ASSIGNOR OR BORROWER, ACQUIRING ANY INTEREST IN OR TITLE TO THE LEASEHOLD INTERESTS SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

WAIVER OF SPECIAL DAMAGES. THE ASSIGNOR WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE LENDER IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. THE ASSIGNOR AND THE LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN OR AMONG THE DEBTOR AND THE LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN.

COUNTERPARTS. This Assignment may be executed in any number of counterparts which, when taken together as a whole, shall constitute a single instrument.

SUBORDINATION. All of Assignor's rights and interests with respect to the Leasehold Interests and all related documents are and shall remain subject and subordinate to the Lender's rights and interest in the Property under the Consolidation Loan Documents, including but not limited to the Collateral Mortgage, and to any and all advances made thereunder, and to all amendments, substitutions, extensions, renewals, supplements and other modifications now or hereafter executed with respect thereto, including without limitation modifications that substantially increase the obligations to Lender to which Assignor's interest are subordinated, said subordination to be with the same effect as though the Consolidation Loan Documents, and any and all such renewals, modifications, amendments, consolidations, replacements and extensions thereto, had been executed, acknowledged, delivered and recorded, and all advances thereunder had been made, prior to the execution, acknowledgment, delivery and recording of the Leases and any notice thereof. Without limiting the generality of the foregoing, the provisions of the above-described loan and security documents shall prevail over any inconsistent provisions of the Leases relating to the disposition of insurance and condemnation awards.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Assignment shall have the meanings attributed to such terms in the Louisiana Commercial Laws (La. R.S. 10: 9-101, et seq.):

Assignment. The word "Assignment" means this Assignment of Leases and Rents, Security Agreement and Subordination Agreement, as this Assignment of Leases and Rents, Security Agreement, and Subordination Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Leases and Rents and Security Agreement from time to time.

Assignor. The word "Assignor" means Mississippi Extended Care Centers, Inc., a Mississippi corporation, its successors and assigns and DeSoto Community Care, LLC, a Mississippi limited liability company.

Borrower. The word "Borrower" means individually and collectively, Louisiana Extended Care Centers, Inc., a Louisiana corporation, Mississippi Extended Care Centers, Inc., a Mississippi corporation, and Community Extended Care Centers, Inc., a Mississippi corporation, their successors and assigns.

Accounts. The word "Accounts" means all of the Assignor's "accounts" as defined in Article 9 of the UCC, including but not limited to, the Rents.

Chattel Paper. The word "Chattel Paper" means all of the Assignor's "chattel paper" as defined in Article 9 of the UCC.

Collateral Mortgage. The word "Collateral Mortgage" shall have the meaning set forth in the recitals.

Consolidation Loan. The word "Consolidation Loan" shall have the meaning set forth in the recitals, together with any and all extensions, modifications and renewals thereof.

Consolidation Loan Documents. The words "Consolidation Loan Documents" shall have the meaning set forth in the recitals.

Consolidation Note. The words "Consolidation Note" shall have the meaning set forth in the recitals, together with all renewals of, extensions of, modifications of, refinancings of, consolidation of, and substitutions for said Consolidation Note.

Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

Equipment. The word "Equipment" means all of Assignor's "equipment" as defined in Article 9 of the UCC.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Assignment in the default section of this Assignment or in the Consolidation Loan Documents.

General Intangibles. The word "General Intangibles" means all of the Assignor's "general intangibles", as defined in Article 9 of the UCC, including, but not limited to, the Leases. In addition, "General Intangibles" further includes any right to a refund of taxes paid at any time to any governmental entity.

Handnote. The word "Handnote" shall have the meaning set forth in the recitals.

Indemnified Persons; Claims. The words "Indemnified Persons" and "Claims" shall have the meaning set forth in the Indemnification section of this Assignment.

Instruments. The word "Instruments" means all of the Assignor's "instruments" as defined in Article 9 of the UCC.

Inventory. The word "Inventory" means all of the Assignor's "inventory" as defined in Article 9 of the UCC. In addition, "Inventory" includes any "documents" issued with respect to any of the Assignor's "inventory" (as defined in Article 9 of the UCC). Without limiting the security interest granted, the Assignor represents and warrants that the Assignor's Inventory is presently located at a 60 bed nursing home facility located in Horn Lake, Mississippi, known as Landmark of DeSoto.

Leasehold Interests. The word "Leasehold Interests" means all of Assignor's right, title and interest in and to all the Leases and Rents as described in this Assignment.

Leases. The words "Lease" or "Leases" mean all of Assignor's right, title and interest in and to all present and future leases, subleases, subtenancies, licenses, occupancy agreements, concessions, contracts and any other agreement devising any portion of the Property or relating to the use and enjoyment of all or any part of the Property, including

but not limited to, the Property Lease and any lease or agreement entered into between Assignor and Assignor's clients or other third parties respecting the occupancy or living and care arrangements at the Property, and any and all guaranties and other agreements relating to or made in connection with any of the foregoing, whether written or oral and whether in existence at or upon the recordation of this Assignment or entered into after the recordation of this Assignment, and any and all amendments, modifications, substitutions, supplements, extensions and renewals thereof, and any and all rights and benefits arising thereunder or in connection therewith.

Lender. The word "Lender" means Bank One, NA, with its main office in Chicago, Illinois, its successors and assigns, and any subsequent holder or holders of the Note or any interest therein.

Obligations. The word "Obligations" shall mean individually, collectively and interchangeably (i) any and all present and future loans, advances, and/or other extensions of credit obtained and/or to be obtained by Assignor, Borrower, from Lender, as well as Lender's successors and assigns, from time to time, one or more times, now and in the future, under any and all notes evidencing such present and/or future loans, advances, and/or other extensions of credit, including without limitation, the Note and any and all amendments thereto and/or substitutions therefor, and any and all renewals, extensions and refinancings thereof, as well as any and all other obligations, including, without limitation, Borrower's or Assignor's covenants and agreements in any present or future loan or credit agreement or any other agreement, document or instrument executed by Assignor or Borrower and liabilities that Assignor or Borrower may now and/or in the future owe to and/or incur in favor of Lender, or BANK ONE CORPORATION whether direct or indirect, or by way of assignment or purchase of a participation interest, and whether related or unrelated, or whether committed or purely discretionary, and whether absolute or contingent, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, due or to become due, and whether now existing or hereafter arising, or otherwise secured or unsecured, whether Assignor or Borrower is obligated alone or with others on a "solidary" or "joint and several" basis, as a principal obligor or as a surety, guarantor, or endorser, of every nature and kind whatsoever, whether or not any such Obligations may be barred under any statute of limitations or prescriptive period or may be or become otherwise unenforceable or voidable for any reason whatsoever; and (ii) the performance of all of the promises and agreements contained in the Consolidation Loan Documents by all parties hereto. **NOTWITHSTANDING ANY OTHER PROVISION OF THIS ASSIGNMENT, THE MAXIMUM AMOUNT OF OBLIGATIONS SECURED HEREBY SHALL BE LIMITED TO \$50,000,000.00.**

Pledgor. The words "Pledgor" or "Pledgors" shall mean any entity pledging an interest in collateral owned by that entity in order to secure the repayment of the Loan.

Property. The word "Property" shall have the meaning set forth in the recitals.

Rents. The word "Rents" means all rents, security deposits, other security or collateral, royalties, issues, profits, receipts, earnings, revenue, income, accounts, general intangibles, rights to payment, products and proceeds and other benefits of the Property arising from the Property and the Leases, whether now due, past due or to become due, including, without limitation, all prepaid rents, security deposits, fixed, minimum, additional, percentage and contingent rents, deficiency rents and liquidated damages, termination charges, occupancy charges, proceeds payable under any policy of insurance, and all other rights to payment deriving from said Property and Leases.

UCC. The word "UCC" means the Uniform Commercial Code as in effect in the State of Louisiana from time to time, and found at La. R.S. 10:9-101, et. seq.

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THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT. THIS DOCUMENT IS EXECUTED ON THE DAY AND YEAR SET FORTH BELOW, TO BE EFFECTIVE AS OF THE DAY AND YEAR SET FORTH ABOVE.

ASSIGNOR:
MISSISSIPPI EXTENDED CARE CENTERS, INC.

By: David W. Stallard
David W. Stallard, Chief Executive Officer

Date: 8/26/02

LENDER:
BANK ONE NA

By: Robert P. Schneckenburger
Robert P. Schneckenburger, Vice President

Date: 8/26/02

WITNESSES TO ALL SIGNATURES:

Julie Green

Christy Berge

ACKNOWLEDGMENT

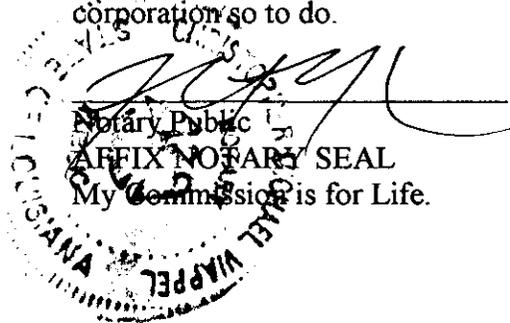
STATE OF LOUISIANA
PARISH OF ORLEANS

BE IT KNOWN, that on this 24 day of August, 2002;

BEFORE ME, a Notary Public

PERSONALLY CAME AND APPEARED:

Before me, the undersigned authority in and for the said parish and state, on this 24 day of August 2002, within my jurisdiction, the within named David W. Stallard, who acknowledged that he is Chief Executive Officer of Mississippi Extended Care Centers, Inc., a Mississippi corporation, and that for and on behalf of the said corporation, and as his act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.



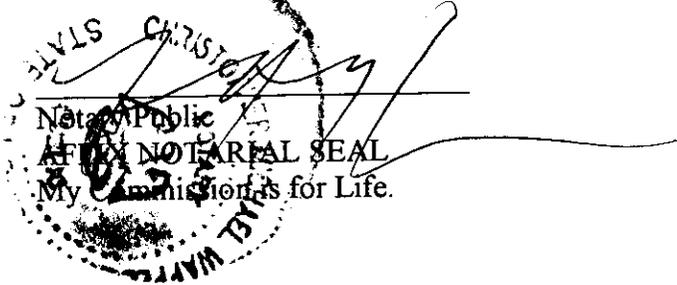
Christopher Michoud Notary Public
State of Louisiana
My commission is issued for life

ACKNOWLEDGMENT

STATE OF LOUISIANA
PARISH OF ORLEANS

PERSONALLY CAME AND APPEARED:

Before me, the undersigned authority in and for the said parish and state, on this 26 day of August, 2002, within my jurisdiction, the within named Robert P. Schneckenburger, who acknowledged that he is Vice President of Bank One, NA, a national association (the "Bank"), and that for and on behalf of the said Bank, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said Bank so to do.



Christopher Michael Wappel, Notary Public
State of Louisiana
My commission is issued for life.

EXHIBIT "A"

PROPERTY DESCRIPTION

PART OF SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 33,
T-1-S, R-8-W, DESOTO COUNTY, MISSISSIPPI
MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

Commencing at the Southeast Corner of the Southeast Quarter of the Southeast Quarter of said Section, said point being the intersection of the Centerline of Nail Road and Tulane Road;

Thence West a distance of 190.10 feet;

Thence North a distance of 39.22 feet to the North Right-of-Way line of said Nail Road and to the Point of Beginning;

Thence South 89°51'30" West along said North Right-of-Way line a distance of 485.24 feet;

Thence North 00°08'30" West a distance of 49.37 feet;

Thence North 25°16'00" East a distance of 947.30 feet;

Thence North 67°41'49" East a distance of 80.82 feet to the West Right-of-Way line of Tulane Road, said point being a Curve;

Thence Southerly along said Right-of-Way line of Tulane Road, a Curve to the Right, having a Delta of 17°08'32", a Radius of 2251.83 feet, a Chord of South 12°51'39" East 671.22 feet;

Thence South 85°40'51" West a distance of 150.00 feet;

Thence along a Curve to the Right having a Delta of 04°10'39", a Radius of 2101.83 feet, a Chord of South 02°17'40" East 153.21 feet;

Thence South 00°08'30" East a distance of 116.75 feet to the Point of Beginning and containing 7.45 acres.