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Skagit County Auditor

3/27/2013 Page 1 of 16 3:17PM

PREPARED BY AND UPON RECORDATION RETURN TO:

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Charlotte, North Carolina 28202-4003
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CHICAGO TITLE
020018004

Document Title:

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

Reference Number(s) of related document(s): NONE.

Grantor: SAN JUAN NH PROPERTY, L.L.C.

Grantee/Trustee: PRLAP, INC.

Grantee/Beneficiary: BANK OF AMERICA, N.A.

Legal Descriptions (abbreviated):

PTN BLK 3, STEWARTS FIRST ADD TO ANACORTES AND TRACTS 26 & 27 NELSONS ADD TO ANACORTES

Full legal(s) on Exhibit A. pg. 16

Assessor's Tax Parcel ID Numbers: 3807-020-026-0007, 3807-020-027-0006, 3833-003-004-0007, 3833-003-008-0003, 3833-003-016-0003,

3833-003-018-0001 and 3833-003-019-0000

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS SECURITY INSTRUMENT COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES, IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING AND IS TO BE FILED IN THE REAL ESTATE RECORDS.

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Security Instrument") is made and entered into as of March 26, 2013, by SAN JUAN NH PROPERTY, L.L.C., a Delaware limited liability company (organizational number 3773958), whose address is c/o Aviv REIT, Inc., 303 West Madison Street, Suite 2400, Chicago, Illinois 60606, Attention: General Counsel (the "Grantor"), to PRLAP, Inc., a Texas corporation, whose address is 901 Main Street, Dallas, Texas 75202-3714 (the "Trustee"), for the benefit of BANK OF AMERICA, N.A., a national banking association, in its capacity as administrative agent (in such capacity, the "Administrative Agent") for the lenders from time to time party to the Credit Agreement described herein (the "Lenders"), as beneficiary hereunder, with an address of 1455 Market Street, Mail Code: CA5-701-05-19, San Francisco, California 94103, Attn: Kevin Ahart, with a copy to 100 N. Tryon Street, Mail Code: NC1-007-17-11, Charlotte, North Carolina 28255-0001 Attn: Amie Edwards.

RECITALS

WHEREAS, the Lenders have agreed to make available to Aviv Financing IV, L.L.C., a Delaware limited liability company (the "Parent Borrower") and certain Subsidiaries of the Parent Borrower (such Subsidiaries, collectively with the Parent Borrower, the "Borrowers"), certain Loans and other arrangements (the "Credit Facility") pursuant to the terms of that certain Credit Agreement dated as of March 26, 2013, by and among the Borrowers, Aviv REIT, Inc., as REIT Guarantor thereunder, certain related parties to the Borrowers as Guarantors thereunder, the Administrative Agent, and the Lenders party thereto from time to time, and the other entities party thereto (as amended, modified, supplemented, extended, renewed, restated or replaced from time to time, the "Credit Agreement"; all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement); and

WHEREAS, the Grantor is a Borrower under the Credit Agreement and, as such, is required by the Credit Agreement to execute and deliver this Security Instrument as security for the Secured Obligations (as defined herein), which the Grantor is willing to do in consideration of the agreement of the Lenders to make the Credit Facility available to the Borrowers pursuant to the terms of the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor irrevocably grants, mortgages, warrants, bargains, sells, pledges, remises, aliens, assigns, conveys, transfers and sets over to the Trustee, in trust, for the benefit of the Administrative Agent, WITH POWER OF SALE, and with all other statutory rights and covenants and subject to the further terms of this Security Instrument, all of the Grantor's right, title and interest in and to the following:

(a) All that tract or parcel of land and other real property interests in Skagit County, Washington, more particularly described in Exhibit A attached hereto and made a part hereof, together with all of the Grantor's right, title and interest in, to and under all rights of way, easements, privileges



and appurtenances relating or appertaining to such real estate and all water and water rights, sewer and sewer rights, ditches and ditch rights, minerals, oil and gas rights, royalties, lease or leasehold interests owned by the Grantor, now or hereafter used in connection with or appurtenant to or related to such real estate, and all interests of the Grantor now owned or hereafter acquired in and to streets, roads, alleys and public places, now or hereafter used in connection with such real estate, and all existing or future licenses, contracts, permits and agreements required or used in connection with the ownership, operation or maintenance of such real estate, and any and all insurance proceeds, and any and all awards, including interest, previously or hereafter made to the Grantor for taking by eminent domain or in lieu thereof (collectively, the "Land"); and

(b) All buildings and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements"), all Rents and Profits (as hereinafter defined) and all Leases (as hereinafter defined), and all materials intended for construction, reconstruction, alteration and repair of such Improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises (as hereinafter defined) immediately upon the delivery thereof to the Land, and all fixtures attached to the Land and Improvements (hereinafter, the Land, the Improvements, the Rents and Profits and Leases, and the other property and interests in property described above may be collectively referred to as the "Premises"). Notwithstanding the foregoing provisions, such assignment and grant of security interest contained herein shall not extend to, and any tangible personalty that comprises a part of the Premises (the "Tangible Personalty") shall not include, any personalty which is now or hereafter held by the Grantor as licensee, lessee or otherwise, to the extent that (a) such personalty is not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (b) such consent has not been obtained; provided, however, that the foregoing assignment and grant of security interest shall extend to, and the Tangible Personalty shall include, any and all proceeds of such personalty to the extent that the assignment or encumbering of such proceeds is not so restricted under the terms of the license, lease or other agreement applicable thereto; provided further that, (i) with respect to any fixtures or items of personal property secured by this Security Instrument, to the extent that the terms and conditions of this Security Instrument are inconsistent with the terms and conditions of that certain Security and Pledge Agreement of even date herewith by and among the Grantor, Administrative Agent and various other parties (the "Security Agreement"), the terms and conditions of the Security Agreement shall control and (ii) this Security Instrument shall not secure or grant a security interest in or lien on any personal property to the extent such personal property is excluded or excepted from the "Collateral" as defined in and subject to the security interest under the Security Agreement.

TO HAVE AND HOLD the same, together with all privileges, hereditaments, easements and appurtenances thereunto belonging, to the Trustee, for the benefit of the Administrative Agent, as security for the Secured Obligations.

As additional security for the Secured Obligations, the Grantor hereby transfers and assigns to the Administrative Agent and grants to the Administrative Agent a security interest in all right, title and interest of the Grantor in and to all of the following:

(1) All security deposits, rents, issues, profits and revenues, including, without limitation, rights to payment earned under leases for space in the Improvements for the operation of ongoing retail businesses such as newsstands, barbershops, beauty shops, physicians' offices, pharmacies and specialty shops, of the Premises from time to time accruing (the "Rents and Profits") and all existing and future leases, subleases, licenses and other agreements for the use and occupancy of all or part of the Premises, together with all guarantees of the lessees' obligations thereunder (collectively, the "Leases"), whether oral or written, for a definite term or month-to-month. This assignment shall extend to and cover any and



all extensions and renewals and future Leases and to any and all present and future rights against guarantor(s) of any such obligations and to any and all Rents and Profits collected under the Leases or derived from the Premises. In pursuance of this assignment, and not in lieu hereof, the Grantor shall, upon request from the Administrative Agent, execute and deliver to the Administrative Agent separate specific assignments of rents and leases covering some or all of the Leases, the terms of such assignments being incorporated herein by reference. This assignment is effective immediately and without possession. PROVIDED ALWAYS, however, that if Borrowers, Guarantor or Grantor shall completely, fully and finally pay, perform, discharge and satisfy each and all of the Secured Obligations, then this assignment and the estates and interests hereby granted and created shall terminate.

(2) All insurance policies and proceeds thereof, condemnation awards, any and all leases of personal property (including equipment leases), rental agreements, sales contracts, management contracts, franchise agreements, construction contracts, architects' contracts, technical services agreements and other contracts, licenses and permits now or hereafter affecting the Premises, all accounts with respect to the Premises, including rights to payment for goods sold or leased or to be sold or leased or for services rendered or to be rendered), escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the Uniform Commercial Code in effect in the state in which the Premises is located, as amended from time to time (the "Uniform Commercial Code"), and all plans, specifications, designs, drawings, permits, licenses (including, without limitation, business licenses, state health department licenses, food service licenses, licenses to conduct business, certificates of need and all such other permits, licenses and rights obtained from any governmental, quasi-governmental or private person or entity whatsoever concerning ownership, operation, use or occupancy of the Premises), contract rights (including, without limitation, any contract with any architect or engineer or with any other provider of goods or services for or in connection with any construction, repair or other work upon the Premises, and any contract for management or any other provision of service in connection with the Premises), approvals, actions, refunds of real estate taxes and assessments and any other governmental impositions related to the Premises, approvals, actions and causes of action that now or hereafter relate to, are derived from or are used in connection with the Premises, or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (all of the foregoing being the "Intangible Personality") or any part thereof, and the Grantor agrees to execute and deliver to the Administrative Agent such additional instruments, in form and substance reasonably satisfactory to the Administrative Agent, as may hereafter be reasonably requested by the Administrative Agent to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by the Administrative Agent to any lease, rental agreement, management contract, franchise agreement, construction contract, technical services agreement or other contract, license or permit, or to impose upon the Administrative Agent any obligation with respect thereto.

(3) All rights to payment from the Medicare and Medicaid programs or similar state or federal programs, boards, bureaus or agencies, if any, and rights to payment from patients or private insurers, arising from the operation of the Premises.

(4) All proceeds, products, offspring, rents and profits from any of the foregoing, including, without limitation, those from sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement of any of the foregoing.

Any assignment and grant of a security interest contained in Sections 2 and 3 above shall not extend to any of the foregoing to the extent that (a) such rights are not assignable or capable of being encumbered as a matter of law or under the terms of any agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the applicable parties thereto and (b) such consent has not been obtained; provided, however, that the



foregoing assignment and grant of a security interest shall extend to any and all proceeds of the foregoing to the extent that the assignment or encumbering of such proceeds is not so restricted by applicable law or under the terms of such agreements applicable thereto.

All the Tangible Personalty that comprises a part of the Premises shall, as far as permitted by law, be deemed to be "fixtures" affixed to the aforesaid Land and conveyed therewith. As to the balance of the Tangible Personalty and the Intangible Personalty, this Security Instrument shall be considered to be a security agreement that creates a security interest in such items for the benefit of the Administrative Agent. In that regard, the Grantor grants to the Administrative Agent all of the rights and remedies of a secured party under the Uniform Commercial Code and grants to the Administrative Agent a security interest in all of the Tangible Personalty and the Intangible Personalty. Notwithstanding anything to the contrary herein, this Security Instrument shall not secure or grant a security interest in or lien on any personal property to the extent such personal property is excluded or excepted from the "Collateral" as defined in and subject to the security interest under the Security Agreement.

The Grantor, and by acceptance hereof the Trustee and the Administrative Agent, covenant, represent and agree as follows:

ARTICLE I

Secured Obligations

1.1 Secured Obligations. This Security Instrument secures all of the following, whether now existing or hereafter incurred (the "Secured Obligations"): all of the Obligations, now existing or hereafter arising pursuant to the Credit Documents, owing from any Credit Party to any Lender or the Administrative Agent, howsoever evidenced, created, incurred or acquired, whether primary, secondary, direct, contingent, or joint and several, including, without limitation, all liabilities arising under Swap Contracts related to the Credit Facility between any Credit Party and any Lender or Affiliate of a Lender, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing.

The Secured Obligations are, in part, a revolving line of credit facility and the unpaid balance may decrease or increase from time to time and may from time to time be reduced to zero without resulting in a release, satisfaction or reconveyance of this Security Instrument.

1.2 Future Advances. Pursuant to the Credit Agreement and the other Credit Documents, the Administrative Agent and/or the Lenders may advance or loan additional sums (herein "Future Advances") to the Borrowers. This Security Instrument shall secure not only existing indebtedness, but also such Future Advances, with interest thereon as provided in the Credit Agreement, whether such advances are obligatory or to be made at the option of the Administrative Agent, the Lenders or otherwise, to the same extent as if such Future Advances were made on the date of execution of this Security Instrument.

ARTICLE II

Grantor's Covenants, Representations and Agreements

2.1 Title to Premises. The Grantor represents and warrants to the Administrative Agent that (i) it is the fee simple owner of that tract or parcel of land and other real property interests more particularly described in Exhibit A attached hereto and is the owner of, or holds a valid interest in, the balance of the Premises and has the right to convey the same, (ii) that as of the date hereof title to the Premises is free and clear of all encumbrances except for the matters shown on the title insurance policy accepted by the Administrative Agent in connection with this Security Instrument and such other matters as are expressly permitted by the Credit Agreement (collectively, the "Permitted Encumbrances"). The



Grantor shall warrant and defend the title to the Premises except for the Permitted Encumbrances against the claims of all Persons.

2.2 Taxes and Other Charges. Grantor will pay, or cause to be paid by the applicable Tenants under the Leases, all taxes, general and special assessments, insurance premiums, permit fees, inspection fees, license fees, water and sewer charges, franchise fees and equipment rents and any other charges or fees against it or the Premises to the extent such payments are required under the terms of the Credit Agreement.

2.3 Reimbursement. The Grantor will reimburse the Administrative Agent upon demand for any sums of money paid by the Administrative Agent to the extent such reimbursements are required under the terms of the Credit Agreement.

2.4 Additional Documents. The Grantor agrees to execute and deliver to the Administrative Agent, concurrently with the execution of this Security Instrument and upon the reasonable request of the Administrative Agent from time to time hereafter, all financing statements and other documents reasonably required to perfect and maintain the security interest created hereby. The Grantor hereby authorizes the Administrative Agent to file any financing statement, continuation of financing statement or similar document required to perfect or continue such security interests.

2.5 Intentionally omitted.

2.6 Fees and Expenses. The Grantor will promptly pay upon demand any and all reasonable costs and expenses of the Administrative Agent to the extent such payments are required under the Credit Agreement. All of the foregoing costs and expenses shall be Secured Obligations.

2.7 Intentionally omitted.

2.8 Maintenance of Premises. The Grantor shall maintain the Premises as more fully set forth in Section 6.08 of the Credit Agreement.

2.9 Insurance. The Grantor shall maintain, or cause any applicable Tenant to maintain, the insurance for the Premises as set forth in Section 6.07 of the Credit Agreement, including, without limitation, such insurance as may be required by the Credit Agreement if the Premises qualifies as a Flood Hazard Property.

2.10 Eminent Domain. For purposes of this Security Instrument, any condemnation or other taking for public use of the whole or any part of the Premises or any rights appurtenant thereto shall be governed in accordance with Section 2.06(b) of the Credit Agreement.

2.11 Releases and Waivers. The Grantor agrees that no release by the Administrative Agent of any portion of the Premises, the Rents and Profits or the Intangible Personalty, no subordination of any Lien, no forbearance on the part of the Lenders or the Administrative Agent to collect on the Secured Obligations, or any part thereof, no waiver of any right granted or remedy available to the Administrative Agent and no action taken or not taken by the Administrative Agent shall in any way have the effect of releasing the Grantor from full responsibility to the Lenders and the Administrative Agent for the complete discharge of each and every of the Grantor's obligations hereunder, except to the extent of such release or waiver.

2.12 Intentionally omitted.



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2.13 Assignment of Leases and Grantor Collection of Rents and Profits.

(a) The Grantor hereby authorizes and directs any Tenants of the Premises that, upon written notice from the Administrative Agent, all Rents and Profits and all payments required under the Leases, or in any way respecting same, shall be made directly to the Administrative Agent as they become due. The Grantor hereby relieves said Tenants from any liability to the Grantor by reason of said payments being made to the Administrative Agent. Nevertheless, until the Administrative Agent notifies in writing said Tenants to make such payments to the Administrative Agent, the Grantor shall be entitled to collect all such Rents and Profits and/or payments. The Administrative Agent is hereby authorized to give such notification only upon an Event of Default.

(b) Any and all Rents and Profits collected by the Administrative Agent shall be applied in the manner set forth in the Credit Agreement. Receipt by the Administrative Agent of such Rents and Profits shall not constitute a waiver of any right that the Administrative Agent may enjoy under this Security Instrument, the Credit Agreement or under the laws of the state in which the Premises is located, nor shall the receipt and application thereof cure any default hereunder nor affect any foreclosure proceeding or any sale authorized by this Security Instrument, the Credit Agreement and the laws of the state in which the Premises is located.

(c) The Administrative Agent does not assume and shall not be liable for any obligation of the lessor under any of the Leases and all such obligations shall continue to rest upon the Grantor as though this assignment had not been made. The Administrative Agent shall not be liable for the failure or inability to collect any Rents and Profits.

2.14 Security Agreement.

(a) Insofar as the fixtures and any articles of personal property either referred to or described in this Security Instrument are in any way connected with the use and enjoyment of the Premises, this Security Instrument is hereby made and declared to be a security agreement, encumbering each and every item of personal property included herein, in compliance with the provisions of the Uniform Commercial Code as enacted in the state where the Premises are located, subject to the exceptions, exclusions and provisions of the Security Agreement. A financing statement or statements reflecting the grant of security interest by this Security Instrument and affecting all of said personal property may be filed by the Administrative Agent without, to the extent permitted by applicable law, Grantor's signature thereon, and Grantor hereby authorizes such filing. The mention in any such financing statement(s) of the rights in and to (i) the proceeds of any fire or hazard insurance policy or (ii) any award in eminent domain proceedings for a taking or for loss of value or (iii) the Grantor's interest as lessor in any present or future lease or rights to income growing out of the use or occupancy of the Premises shall never be construed as in any manner altering any of the rights of the Grantor or the Administrative Agent as determined by the Credit Agreement or this instrument or impugning the priority of the Administrative Agent's lien granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of the Administrative Agent in the event any court shall at any time hold with respect to the foregoing (i) or (ii) or (iii), that for the priority of the Administrative Agent's security interest to be effective against a particular class of persons, notice of such security interest must be filed in the Uniform Commercial Code records. The remedies for any violation of the covenants, terms and condition of the security agreement herein contained shall be (A) as prescribed herein or in the Security Agreement or the other Credit Documents or (B) as prescribed by general law or by the specific



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statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, at the Administrative Agent's sole election.

(b) The Grantor warrants that the names and addresses set forth in the first paragraph hereof may be used on such financing statements and a statement indicating the types, or describing the items, of Collateral as set forth hereinabove. The location of the Collateral which is Tangible Personalty is upon the Land. The Grantor agrees to furnish the Administrative Agent with notice of any change in the name, identity, company structure, state of registration/organization, residence, principal place of business or mailing address of the Grantor within ten (10) days of the effective date of any such change and the Grantor will promptly execute and/or deliver any financing statements or other instruments deemed necessary by the Administrative Agent to prevent any filed financing statement from becoming misleading or losing its perfected status.

(c) To the extent that this Section 2.14 is inconsistent with the terms and conditions of the Security Agreement, the Security Agreement shall control.

2.15 Fixture Filing. It is intended by Grantor and Administrative Agent that this Security Instrument be effective as a financing statement filed with the real estate records of Skagit County, Washington as a fixture filing. For purposes of this fixture filing, the "Debtor" is the Grantor and the "Secured Party" is the Administrative Agent. A description of the Land which relates to the fixtures is set forth in Exhibit A attached hereto. Grantor is the record owner of the Land.

ARTICLE III

Event of Default

An event of default ("Event of Default") shall exist under the terms of this Security Instrument upon the occurrence and during the continuance of an Event of Default under the terms of the Credit Agreement.

ARTICLE IV

Acceleration; Foreclosure

4.1 Acceleration of Secured Obligations. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, to the extent and in the manner permitted under the terms of the Credit Agreement, declare the entire balance of all or any portion of the Secured Obligations, including all interest accrued and unpaid thereon, to be immediately due and payable.

4.2 Foreclosure. Upon the occurrence and during the continuance of an Event of Default and otherwise in compliance with Section 8.02 of the Credit Agreement, the Administrative Agent may foreclose or cause the Trustee to foreclose the lien of this Security Instrument by judicial or nonjudicial proceeding in a manner permitted by applicable law, subject to the terms of the Security Agreement with respect to all personal property of the Grantor. The Grantor hereby waives any statutory right of redemption in connection with such foreclosure proceeding.

4.3 Proceeds of Sale. Following a foreclosure sale, the proceeds of such sale shall, subject to applicable law, be applied in accordance with the Credit Agreement.

4.4 Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, the Grantor or the Grantor's heirs, devisees, representatives,



successors or assigns are occupying or using the Premises, or any part thereof, each and all immediately shall become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale, notwithstanding any language herein apparently to the contrary, shall have the sole option to demand possession immediately following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

ARTICLE V

Additional Rights and Remedies of Administrative Agent

5.1 Rights Upon Maturity or an Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent, immediately and without additional notice and without liability therefor to the Grantor and to the extent permitted by law, except for its own gross negligence or willful misconduct, may do or cause to be done any or all of the following, subject to the rights of any applicable Tenants under the Leases and with respect to any personal property, subject to the terms of the Security Agreement: (a) take physical possession of the Premises; (b) exercise its right to collect the Rents and Profits; (c) enter into reasonable contracts for the completion, repair and maintenance of the Improvements thereon; (d) expend any income, Rents and Profits derived from the Premises and, to the extent such income and Rents and Profits are insufficient, loan funds for payment of any taxes, insurance premiums, assessments and reasonable charges for: (1) completion, repair and maintenance of the Improvements, (2) preservation of the lien of this Security Instrument, and (3) satisfaction and fulfillment of any liabilities or obligations of the Grantor arising out of or in any way connected with the construction of Improvements on the Premises whether or not such liabilities and obligations in any way affect, or may affect, the lien of this Security Instrument; (e) enter into leases demising the Premises or any part thereof; (f) take such reasonable steps as are permitted under the terms of the Credit Agreement to protect and enforce the specific performance of any covenant, condition or agreement in the Notes, this Security Instrument, the Credit Agreement, or the other Credit Documents, or to aid the execution of any power herein granted; (g) generally, supervise, manage, and contract with reference to the Premises as if the Administrative Agent were equitable owner of the Premises; (h) seek the appointment of a receiver as provided in Section 5.2 below; (i) exercise any or all of the remedies available to a secured party under the Uniform Commercial Code, including, but not limited to, selling, leasing or otherwise disposing of any fixtures and personal property which is encumbered hereby at public sale, with or without having such fixtures or personal property at the place of sale, and upon such reasonable terms and in such reasonable manner as the Administrative Agent may determine; (j) exercise any or all of the remedies of a secured party under the Uniform Commercial Code with respect to the Tangible Personalty and the Intangible Personalty; and (k) enforce any or all of the assignments or collateral assignments made in this Security Instrument as additional security for the Secured Obligations. The Grantor also agrees that any of the foregoing rights and remedies of the Administrative Agent may be exercised at any time independently of the exercise of any other such rights and remedies, and the Administrative Agent may continue to exercise any or all such rights and remedies until the Event(s) of Default are cured or waived with the consent of the Required Lenders or the Lenders (as required by the Credit Agreement) or until foreclosure and the conveyance of the Premises or until the Secured Obligations are satisfied or paid in full and all Commitments are terminated.

5.2 Appointment of Receiver. If any of the Secured Obligations are not paid upon maturity or upon the occurrence and continuance of an Event of Default, the Administrative Agent as a matter of right shall be entitled to the appointment of a receiver or receivers for all or any part of the Premises, to



take possession of and to operate the Premises, and to collect the rents, issues, profits, and income thereof, all expenses of which shall become Secured Obligations, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Premises or the solvency of any Person or Persons liable for the payment of any Secured Obligations, and, to the extent permitted by applicable law, the Grantor hereby irrevocably consents to the appointment of such receiver or receivers, waives any and all defenses to such appointment, and agrees not to oppose any application therefor by the Administrative Agent. Nothing herein is to be construed to deprive the Administrative Agent of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by the Administrative Agent in connection with any such receivership shall be a demand obligation (which obligation the Grantor hereby promises to pay) owing by the Grantor to the Administrative Agent pursuant to this Security Instrument.

5.3 Waivers. No waiver of any Event of Default shall at any time thereafter be held to be a waiver of any rights of the Administrative Agent stated anywhere in the Notes, this Security Instrument, the Credit Agreement or any of the other Credit Documents (except to the extent of such waiver), nor shall any waiver of a prior Event of Default operate to waive any subsequent Event(s) of Default. All remedies provided in this Security Instrument, in the Notes, in the Credit Agreement and in the other Credit Documents are cumulative and may, at the election of the Administrative Agent, be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.

5.4 Marshalling. The Grantor hereby waives, in the event of foreclosure of this Security Instrument or the enforcement by the Administrative Agent of any other rights and remedies hereunder, any right otherwise available to it with regard to the marshalling of its assets which secure the Loans and any other indebtedness secured hereby or to require the Administrative Agent to pursue its remedies against any other such assets.

5.5 Protection of Premises. Subject to the rights of the tenants of the Premises under their respective leases, if the Grantor fails to perform the covenants and agreements contained in this Security Instrument, the Credit Agreement or any of the other Credit Documents, and such failure continues beyond any applicable grace, notice and cure periods, except in the case of an emergency in which event the Agent may act immediately, then the Agent may take such actions, including, but not limited to, disbursements of such sums, as the Agent in its sole reasonable discretion deems necessary to protect the Agent's interest in the Premises.

ARTICLE VI

General Conditions

6.1 Terms. The singular used herein shall be deemed to include the plural; the masculine deemed to include the feminine and neuter; and the named parties deemed to include their heirs, and permitted successors and assigns. The term "Lender" shall include any of the Persons identified as a "Lender" on the signature pages to the Credit Agreement, and any Person that may become a Lender by way of assignment in accordance with the terms of the Credit Agreement, together with their successors and permitted assigns.

6.2 Notices. All notices and other communications required or permitted to be given hereunder shall have been duly given if given in accordance with the requirements of the Credit Agreement or, in the case of notices relating to a foreclosure, as required by Section 6.10(a) and applicable law.



6.3 Severability. If any provision of this Security Instrument is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

6.4 Headings; Recitals. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Security Instrument nor the intent of any provision hereof. The Recitals set forth above are incorporated herein.

6.5 Conflicting Terms. In the event the terms and conditions of this Security Instrument conflict with the terms and conditions of the Credit Agreement or the Security Agreement, the terms and conditions of the Credit Agreement or the Security Agreement, as applicable, shall control and supersede the provisions of this Security Instrument with respect to such conflicts.

6.6 Governing Law. This Security Instrument shall be governed by and construed in accordance with the internal law of the state where the Premises is located.

6.7 Application of the Foreclosure Law. If any provision in this Security Instrument shall be inconsistent with any provision of the foreclosure laws of the state where the Premises is located, the provisions of such laws shall take precedence over the provisions of this Security Instrument, but shall not invalidate or render unenforceable any other provision of this Security Instrument that can be construed in a manner consistent with such laws.

6.8 WRITTEN AGREEMENT.

(a) THE RIGHTS AND OBLIGATIONS OF THE GRANTOR AND THE ADMINISTRATIVE AGENT SHALL BE DETERMINED SOLELY FROM THIS WRITTEN SECURITY INSTRUMENT AND THE OTHER CREDIT DOCUMENTS, AND ANY PRIOR ORAL OR WRITTEN AGREEMENTS BETWEEN THE ADMINISTRATIVE AGENT AND THE GRANTOR CONCERNING THE SUBJECT MATTER HEREOF AND OF THE OTHER CREDIT DOCUMENTS ARE SUPERSEDED BY AND MERGED INTO THIS SECURITY INSTRUMENT AND THE OTHER CREDIT DOCUMENTS.

(b) THIS SECURITY INSTRUMENT AND THE OTHER CREDIT DOCUMENTS MAY NOT BE VARIED BY ANY ORAL AGREEMENTS OR DISCUSSIONS THAT OCCUR BEFORE, CONTEMPORANEOUSLY WITH, OR SUBSEQUENT TO THE EXECUTION OF THIS SECURITY INSTRUMENT OR THE OTHER CREDIT DOCUMENTS.

(c) THIS WRITTEN SECURITY INSTRUMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

6.9 WAIVER OF JURY TRIAL. GRANTOR AND, BY ITS RESPECTIVE ACCEPTANCE HEREOF, ADMINISTRATIVE AGENT AND EACH LENDER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY INSTRUMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). GRANTOR



AND, BY ITS RESPECTIVE ACCEPTANCE HEREOF, ADMINISTRATIVE AGENT AND EACH LENDER (A) CERTIFY THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGE THAT GRANTOR, ADMINISTRATIVE AGENT AND EACH LENDER HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY INSTRUMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

6.10 State Specific Provisions. In the event of any inconsistencies between this Section 6.10 and any of the other terms and provisions of this Security Instrument, the terms and provisions of this Section 6.10 shall control and be binding.

With respect to the Premises which is located in the State of Washington, notwithstanding anything contained herein to the contrary

(a) Failure to protect and preserve the Premises and maintain the same in good condition and repair shall constitute "waste" by Grantor as that term is used in R.C.W. 61.24.100.

(b) Grantor represents and warrants that NEITHER THE INDEBTEDNESS NOR THE PREMISES CONVEYED BY THIS SECURITY INSTRUMENT IS USED PRINCIPALLY FOR AGRICULTURAL PURPOSES OR PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

(c) Upon the occurrence and during the continuance of an Event of Default, Administrative Agent may, after giving Grantor notice of default in the manner prescribed by applicable law, cause Trustee to foreclose this Security Instrument nonjudicially pursuant to the power of sale and exercise any other remedies permitted by applicable law or provided herein or in the Guaranty, including without limitation foreclosing this Security Instrument judicially as a mortgage. Grantor has the right to bring an action to assert the non-existence of a breach or any other defense of Grantor to acceleration and sale. Administrative Agent shall be entitled to collect all fees, costs and expenses incurred in pursuing such remedies, including, but not limited to, reasonable attorneys' fees, costs of documentary evidence, abstracts and title reports.

If Administrative Agent invokes the power of sale, Administrative Agent shall give written notice to Trustee of the occurrence of an Event of Default and of Administrative Agent's election to cause the Premises to be sold. Trustee and Administrative Agent shall give such notices as the laws of the State of Washington may require to Grantor and to such other persons as the laws of the State of Washington prescribe, and after the lapse of such time as may be required by applicable law, Trustee shall sell the Premises according to the laws of the State of Washington. Trustee may sell the Premises at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Premises for such a period or periods as may be permitted under applicable law in the manner provided for by applicable law. Administrative Agent or Administrative Agent's designee may purchase the Premises at any sale. Grantor hereby waives any statutory right of redemption in connection with such foreclosure proceeding to the fullest extent it may do so under applicable law.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Premises so sold without any covenant or warranty, expressed or implied. The recitals in Trustee's deed shall be *prima facie* evidence of the truth of the statements made therein.



(d) In the event of a judicial foreclosure the purchaser during any redemption period may make such repairs and alterations to the Premises as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Premises. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment, shall be added to the amount required to be paid for redemption of the Premises.

(e) This Security Instrument shall also constitute a fixture filing financing statement pursuant to the Uniform Commercial Code of the State of Washington and RCW 62A.9A-502. Grantor is the Debtor, Administrative Agent is the Secured Party, and their respective addresses for the purpose of this fixture filing and the giving of any notice under or in connection with this Security Instrument is as first stated above. The Premises covered by this Security Instrument includes goods which are or are to become fixtures on the Premises.

(f) If, for any reason, with or without cause, Administrative Agent shall elect to substitute for Trustee herein named (or for any successor to said trustee), Administrative Agent shall have the right to appoint successor Trustee(s) and each new Trustee shall immediately upon such appointment become successor in title to the Premises for the uses and purposes of this Security Instrument, without conveyance of the Premises, with all the powers, duties and obligations conferred on Trustee in the same manner and to the same effect as though he were named herein as Trustee.

(g) Upon payment of all sums secured by this Security Instrument, Administrative Agent shall request Trustee to reconvey the Premises and shall surrender this Security Instrument and all notes or guarantees evidencing indebtedness secured by this Security Instrument. Trustee shall reconvey the Premises without warranty to the person or persons legally entitled thereto.

PROVIDED ALWAYS, and it is the true intent and meaning of the Grantor and the Administrative Agent, that if the Borrowers, the Grantor or the Guarantor, or their successors and assigns, shall pay or cause to be paid and discharged unto the Administrative Agent, its successors and assigns, the Secured Obligations according to the terms of this Security Instrument and the Credit Documents and all Commitments are terminated, then this Security Instrument shall cease, determine and be void, otherwise it shall remain in full force and virtue. And it is agreed, by and between the Grantor and the Administrative Agent, that the Grantor is to hold and enjoy the said premises until an Event of Default occurs under the terms of this Security Instrument.

[SIGNATURES ON THE NEXT PAGE]



201303270162
Skagit County Auditor

IN WITNESS WHEREOF, the Grantor has executed this Security Instrument on the date of acknowledgement below to be effective as of the above written date.

GRANTOR:

SAN JUAN NH PROPERTY, L.L.C.,
a Delaware limited liability company

By: AVIV FINANCING IV, L.L.C.,
a Delaware limited liability company,
its Sole member

By: AVIV HEALTHCARE PROPERTIES OPERATING PARTNERSHIP I, L.P.,
a Delaware limited partnership,
its sole member

By: AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership,
its general partner

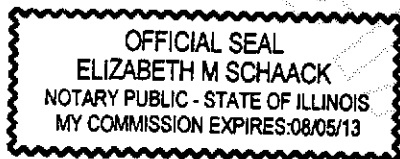
By: AVIV REIT, INC.,
a Maryland corporation,
its general partner

By: _____
Name: Samuel H. Kovitz
Its: Executive Vice President & General Counsel



STATE OF IL)
) ss
COUNTY OF COOK)

I certify that I know or have satisfactory evidence that Samuel H. Kovitz is the person who appeared before me, and said person acknowledged that he signed this instrument, and acknowledged it as the Executive Vice-President of Aviv REIT, Inc., the general partner of Aviv Healthcare Properties Limited Partnership, the general partner of Aviv Healthcare Properties Operating Partnership I, L.P., the sole member of Aviv Financing IV, L.L.C., the sole member of San Juan NH Property, L.L.C., to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.



DATED: March 18, 2013

Elizabeth M. Schaack

NAME: ELIZABETH M. SCHAACK
(Print Name)

Notary Public in and for the State of Illinois

Commission Expires: 8/5/2013



EXHIBIT A

Property located in the City of Anacortes, Skagit County, Washington;

PARCEL A:

Lots 2 through 7, inclusive, and the East Half of Lot 8, and Lots 16 through 19, inclusive, Block 3, STEWART'S FIRST ADDITION TO THE CITY OF ANACORTES, WASH., according to the plat thereof recorded in Volume 2 of Plats, page 14, records of Skagit County, Washington.

TOGETHER with those portions of vacated alleys which attached by operation of law per Ordinance No. 2777 recorded January 30, 2008 under Auditor's File No. 200801300050, records of Skagit County, Washington.

PARCEL B:

Tracts 26 and 27, NELSON'S ADDITION TO ANACORTES, WASH., according to the plat thereof recorded in Volume 2 of Plats, page 102, records of Skagit County, Washington.

TOGETHER with those portions of vacated alleys which attached by operation of law per Ordinance No. 2777 recorded January 30, 2008 under Auditor's File No. 200801300050, records of Skagit County, Washington.

Site 50

