

**AGREEMENT REGARDING ASSIGNMENT OR ASSUMPTION  
OF LEASE AGREEMENT**

This Agreement (the "Agreement") is made as of February 27, 2015, by and between the **TOWN OF NAGS HEAD**, a municipality existing under the laws of the State of North Carolina ("Lessor") and **PEAK RESOURCES, INC.**, a North Carolina corporation ("Assignee").

**RECITALS**

The Town is the owner of the land (the "Land"), building, fixtures and other personal property comprising a 144-bed nursing home facility (the "Facility") and which Facility may be generally described as follows:

<b><u>Location of Facility</u></b>	<b><u>Number of Beds</u></b>
430 Health Center Drive Nags Head, NC 27959	126 NF Beds 18 HA Beds

Lessor has entered into a lease agreement with Tar River LTC Group, LLC, d/b/a Colony Ridge Nursing and Rehabilitation Center, a limited liability company organized and existing under the laws of the State of North Carolina ("Lessee") under the terms of an agreement attached hereto as Exhibit A (the "Lease Agreement"). Under the Lease Agreement, Lessor has leased the Land, together with the buildings, improvements and fixtures thereon, all easements, hereditaments, privileges and appurtenances related thereto, which are more particularly described in Schedule A of the Lease Agreement (collectively, the "Leased Premises"), including, but not limited to, the Facility;

An assignment of the Lease Agreement by Lessee to Assignee has been discussed by the parties hereto, but the terms of an assignment have not been finalized and Lessee has not yet sought Lessor's approval of an assignment; however, Lessor is prepared to approve such an assignment if proposed by Lessor;

Lessee has failed to make certain promised improvements to the Leased Premises as provided in Paragraph 12 of and Schedule B to the Lease Agreement, but the Lessor has not yet declared Lessee to be in default under the procedures provided in the Lease Agreement;

The parties hereto agree that, at a minimum, the improvements Lessee promised to make in Paragraph 12 of and Schedule B to the Lease Agreement need to be made for the proper operation of the Facility;

This Agreement is entered to confirm the parties' intentions should either of these alternatives occur: 1) Lessee requests approval from the Town to assign the Lease to assignee as provided by the Lease, whether pursuant to an operator transfer agreement ("OTA") or otherwise; or 2) Lessor declares a default under the Lease by Lessee and terminates Lessee's rights under the lease agreement. In either event, Lessor desires to assign to Assignee, and to have Assignee

assume, all rights and obligations under the lease agreement and Assignee desires to assume the Assumed Obligations (as herein defined).

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

### AGREEMENT

1. Assignment of Lease. Within ten (10) days from the date on which Lessee and Assignee propose that Lessor approve an assignment of the Lease to Assignee or such other time as agreed by the parties hereto, Lessor will approve the assignment. In that event, Assignee shall assume and accept all obligations of the Lease Agreement, and observe, honor and perform all of the terms, covenants, agreements, conditions and obligations of the Lease Agreement on the part of Lessor, including the payment of all rent, additional costs, payments and charges and making improvements or repairs as required by the Lease Agreement and the performance of all services called for by the Lease Agreement (collectively, the "Assumed Obligations") with the same force and effect as if the Assignee instead of Lessee had originally signed the Lease Agreement, and Assignee agrees that it shall from and after the date of such assumption be liable to Lessor and its respective successors and assigns, for any failure to keep, observe or perform the same. In performing the Assumed Obligations, Assignee will make the transition from Lessee's to Assignee's operation as expeditiously as possible.

2. Assumption of Lease. In the alternative to paragraph 1. above and in the event that Lessor declares Lessee to be in default and terminates Lessee's rights to operate the Facility under the Lease, Assignee shall assume and accept all obligations of the Lease Agreement, and observe, honor and perform all of the Assumed Obligations as described in paragraph 1 above with the same force and effect as if the Assignee instead of Lessee had originally signed the Lease Agreement. Such assumption shall become effective within ten (10) days from the date on which the Lessor notified Lessee that Lessee is in default under the Lease Agreement, or such other time as agreed by the parties hereto, and Assignee agrees that it shall from and after the date of such assumption be liable to Lessor and its respective successors and assigns, for any failure to keep, observe or perform the same. In the event that Assignee assumes the Lease without obtaining permission to use Lessee's Medicare/Medicaid provider number for billing purposes, then the Facility may be closed to allow Assignee time to obtain a Medicare/Medicaid provider number only if arrangements are made by Lessee or Assignee for the placement and continued care of residents from the Facility.

3. Upon Assignee's assumption or assignment of the obligations and rights established by the Lease Agreement, Lessor shall honor and acknowledge Assignee's rights under the Lease Agreement as if Assignee was a party to the Lease Agreement instead of or in addition to Lessee.

4. Lessor represents and warrants that no conditions of default that may exist as between Lessor and Lessee will be treated as or used as a condition of default as against Assignee.

5. The parties agree that, as to those obligations of Lessee which have not yet been performed and for which the date of performance has passed, that Assignee shall complete the performance required of Lessee under the Lease Agreement by no later than , 9 months from the date of assignment of the lease to the assignee, unless the parties hereto agree to a different schedule for completion.

6. In the event of a closure of Facility, Assignee agrees to reopen and operate Facility within 270 days of the date the last patient is discharged or thirty (30) days of obtaining a Medicare/Medicaid provider number for billing purposes, whichever occurs first.

7. The Agreement is entered into and governed by the laws of the State of North Carolina.

8. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof, and there are no representations, agreements, inducements except as stated herein.

9. This Agreement may not be modified or amended except by written agreement properly executed by the parties with the same formality as this Agreement.

10. This Agreement shall bind and inure to the benefit of Lessor and Assignee, and their respective successors and assigns.

11. Nothing stated herein shall be deemed as a waiver, release or modification of any rights, claims or causes of action Lessor may have against Lessee.

ASSIGNEE:  
Peak Resources, Inc.

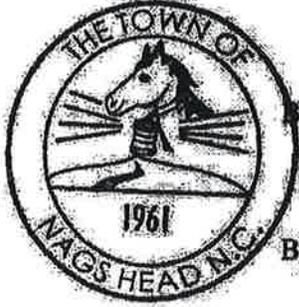
By: Harold P. Hume

Title: President

ATTEST:

[Signature]  
Secretary

LESSOR:  
Town of Nags Head



By: Robert C. Edwards  
Robert C. Edwards, Mayor

By: Cliff Ogburn  
Cliff Ogburn, Town Manager

ATTEST:

Carolyn F. Morris  
Carolyn F. Morris, Town Clerk

"This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act."

[Signature]  
Finance Officer