

Footnotes and Explanations

Please explain any discrepancies and note any additional information relating to the data provided on this report in the space below. Attach additional pages if needed.

Preparer Information - Type of Accounting Service Performed - I'm and employee of the Management Company, Life Care Centers of America, Inc.

On January 30, 2013, the mortgage loan with Capital Funding Group was paid off and refinanced through a new Capital Funding HUD-insured mortgage in the amount of \$6,537,500.

Calculating allowable interest. The interest income recorded will be used to offset against interest expense.

Mortgage Interest Expense	154,056
Amort of Deferred Financing	<u>2,715</u>
Total Interest Expense	156,771
Allowable Percentage	<u>75.22%</u>
Net Claimed Mtg Interest	117,923
Less: Interest Income Recovery	<u>(4,364)</u>
Total Mortgage Interest Claimed	<u>113,559</u>