

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 October 25, 2012, the Capital Source loan was paid off and refinanced through Capital Funding Corporation with a HUD-insured mortgage in the amount \$10,837,800.

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

Capital Funding Interest Expense	188,429
Capital Funding Amort of Deferred Financing	<u>11,837</u>
Total Interest Expense	200,266
Allowable Percentage	<u>56.30%</u>
Net Claimed Mtg Interest	112,750
Less: Interest Income Recovery	<u>(8,099)</u>
Allowable Mortgage Interest	<u>104,651</u>