

BK: 2018 PG: 1583
Recorded: 5/21/2018 at 9:05:02.0 AM
Fee Amount: \$52.00
Revenue Tax:
LISA SMITH RECORDER
Madison County, Iowa

SUBORDINATION AGREEMENT
Recorder's Cover Sheet

Preparer Information:

Curtis G McCormick, 808 13th St, West Des Moines, IA 50265 (515)277-2200

Taxpayer Information:

QHC Facilities, LLC
8350 Hickman, Ste 15
Des Moines, Iowa 50325

Return Address

Curtis G McCormick
808 13th St.
West Des Moines, IA 50265

Grantors:

Jeff Schneidman, Successor Trustee of the
Kenneth A. Webb Family Trust U/T/A
Dated November 9, 1987

Grantees:

Lincoln Savings Bank
1375 SW State St.
Ankeny, Iowa 50023

Legal Description: See Attached

Document or instrument number if applicable:

**SUBORDINATION OF
INDEBTEDNESS AND LIENS AND STANDSTILL AGREEMENT**

THIS SUBORDINATION OF INDEBTEDNESS AND LIENS AND STANDSTILL AGREEMENT (this "Agreement") is entered into as of this 18th day of May, 2018 by and among QHC MADISON SQUARE, LLC, an Iowa limited liability company ("QHC Madison Square"); QHC FACILITIES, LLC, an Iowa limited liability company ("QHC Facilities"); CRESTRIDGE, INC., an Iowa corporation ("Crestridge"); CRESTVIEW ACRES, INC., an Iowa corporation ("Crestview Acres"); and JERRY W. VOYNA and NANCY A. VOYNA, husband and wife ("Voyna") (QHC Madison Square, QHC Facilities, Crestridge, Crestview Acres and Voyna collectively "QHC"); and Jeff Schneidman, Successor Trustee of the KENNETH A. WEBB FAMILY TRUST U/T/A dated November 9, 1987, as amended (the "Webb Trust" or "Creditor") and LINCOLN SAVINGS BANK, an Iowa banking corporation ("Lender").

RECITALS:

Pursuant to that certain term loan promissory note made by QHC Madison Square to the order of Lender, and delivered to Lender pursuant to that certain Loan and Security Agreement (the "Loan Agreement") between QHC Madison Square and Lender of even date herewith, and various security documents (collectively and as hereafter amended the "Loan Documents"), Lender is making to QHC Madison Square a term loan in the original principal amount of Two Million Eight Hundred Sixty Thousand Dollars (\$2,860,000.00). Any and all indebtedness of QHC Madison Square now or hereafter owing to Lender under the Loan Documents or any extensions, renewals, amendments or modifications thereof, absolute or contingent, joint or several, with or without security, due or not due, and in addition all interest, charges and expenses related thereto, is herein referred to as the "QHC Madison Square Debt".

QHC FACILITIES, LLC, an Iowa limited liability company ("QHC Facilities") is indebted to Creditor pursuant to that certain promissory note executed as of May 1, 2011 in the original amount of Eighteen Million Three Hundred Five Thousand Eight Hundred Nine Dollars (\$18,305,809.00) ("QHC Facilities Note") and secured by that certain Security Agreement and that certain Mortgage Security Agreement executed and delivered by QHC Facilities. Voyna has personally guaranteed such indebtedness owed to Creditor and Voyna's guaranty is secured by that certain Membership Interest Pledge Agreement executed and delivered by Voyna. Creditor is the successor in interest to the original holder of the QHC Facilities Note, the original secured party under the Security Agreement, the original mortgagee under the Mortgage Security Agreement, the original holder under the Personal Guaranty and the original pledgee under the Membership Interest Pledge Agreement.

Crestridge is indebted to the Webb Trust pursuant to that certain promissory note executed as of May 1, 2011 in the original principal amount of One Million Twenty-Four Thousand Six Hundred Twenty-One Dollars (\$1,024,621.00) (the "Crestridge Note") and secured by that certain Security Agreement and that certain Mortgage Security Agreement executed and delivered by Crestridge to the Webb Trust. Voyna has personally guaranteed

Crestridge's indebtedness owed to the Webb Trust.

Crestview Acres is indebted to the Webb Trust pursuant to that certain promissory note executed as of May 1, 2011 in the original principal amount of One Million Eight Hundred Fifty-One Thousand Seven Hundred Fifty Dollars (\$1,851,750.00) (the "Crestview Acres Note") and secured by that certain Security Agreement and that certain Mortgage Security Agreement executed and delivered by Crestview Acres to the Webb Trust. Voyna has personally guaranteed Crestview Acres' indebtedness owed to the Webb Trust.

Voyna is indebted to the Webb Trust pursuant to that certain promissory note executed concurrently herewith in the original principal amount of One Hundred Fifty-One Thousand Three Hundred Eighty-Seven Dollars (\$151,387.00) (the "Voyna Note") and secured by that certain Stock Pledge Agreement executed and delivered by Voyna to the Webb Trust

Pursuant to the terms of the QHC Facilities Note, the Crestridge Note, the Crestview Acres Note, and the Voyna Note (collectively the "Notes"), the makers of the Notes are to pay to Creditor, on or before February 15th of each year following the date of the Notes, principal payments in an amount equal to "Net Cash From Operations" (as defined in the Notes) for the preceding calendar year (collectively the "Sweep Payment").

Pursuant to the terms of that certain Waiver, Forbearance and Security Agreement by and among QHC Madison Square, QHC Facilities, Crestridge, Crestview Acres, Voyna, QHC Madison Square and Creditor of even date herewith (the "Forbearance Agreement"), Creditor is waiving its right to receive the Sweep Payment that was otherwise due on or before February 15, 2013, in order to enable QHC Madison Square, an affiliate of QHC Facilities, to refinance certain debt related to its nursing home located in the State of Iowa commonly known as Madison Square.

For purposes of this Agreement, the documents evidencing QHC's obligations owed to Creditor described above are collectively referred to as the "Creditor Agreement." Any and all present and future indebtedness of QHC to Creditor arising under the Creditor Agreement, absolute or contingent and any instrument, negotiable or otherwise, evidencing such indebtedness, and all claims, rights and remedies therefor, is herein referred to as the "Subordinated Debt".

In order to induce Lender to extend credit to QHC Madison Square, Creditor has agreed to subordinate the payment of the Subordinated Debt, and all liens and security interests encumbering the assets of QHC Madison Square, to the payment of the QHC Madison Square Debt and all liens and security interests therefor.

AGREEMENTS

Now, therefore, for good and valuable consideration, the parties agree as follows:

1. **Subordination of Indebtedness and Liens.** Creditor agrees that the Subordinated Debt is hereby subordinated to payment of the QHC Madison Square Debt. Creditor further agrees that all liens and security interests securing payment of the Subordinated Debt, whether now existing or hereinafter created, and all deeds of trust, mortgages and security agreements encumbering the assets of QHC Madison Square securing payment of the Subordinated Debt, are hereby subordinated and made junior to all liens and security interests securing payment of the QHC Madison Square Debt and all deeds of trust, mortgages and security agreements which secure payment of the QHC Madison Square Debt. Creditor agrees to execute, record and file such other documents as Lender may reasonably request to subordinate any liens and security interests securing the Subordinated Debt and encumbering the assets of QHC Madison Square to the liens and security interests of Lender securing the QHC Madison Square Debt. The Subordinated Debt shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the QHC Madison Square Debt, and all claims, rights and remedies under the Subordinated Debt are hereby subordinated and made subsequent and inferior to the QHC Madison Square Debt and any claims, rights and remedies arising out of or in connection therewith.

2. **Standstill.** Creditor will not accelerate, ask, demand, sue for, take or receive from QHC, by setoff or in any other manner, the whole or any part of the Subordinated Debt unless and until the QHC Madison Square Debt shall have been fully paid and satisfied; provided, however, in the event of the voluntary or involuntary bankruptcy of QHC, Creditor may file a proof of claim as authorized by applicable law, which claim shall in all respects be subordinate and subject to the security interests of Lender, and any money or property of QHC received by Creditor with respect to such claim or claims shall be subject to the terms and provisions of this Agreement. Notwithstanding the foregoing sentence, so long as no event of default, or event which with the giving of notice or the passage of time, or both, would constitute an event of default ("Incipient Default") has occurred and is continuing under the Loan Documents (i) QHC may make and Creditor may receive the ordinary payments under the Subordinated Debt at the times and in the amounts set forth in the Creditor Agreement if, and only if, immediately prior to, and after giving effect to any such payment to Creditor, QHC shall be in compliance with all of the terms and conditions contained in the Loan Documents; provided, however, that QHC may not prepay all or any part of the Subordinated Debt without the prior written consent of Lender, nor pay all or any part of the Subordinated Debt whose maturity has been accelerated, nor amend or modify the payment terms of the Subordinated Debt without the prior written consent of Lender. Upon the occurrence of and the continuation of any Incipient Default or event of default under the Loan Documents (unless waived by Lender), QHC will not make and Creditor will not receive any payment upon any of the Subordinated Debt of any nature. Without the prior written consent of Lender, Creditor will not ask for or accept and QHC will not give any additional security for the payment of the Subordinated Debt nor shall QHC deliver any additional negotiable instruments to evidence the Subordinated Debt, nor in any way, directly or indirectly, transfer or pay any money on the Subordinated Debt except as allowed above. Any notes evidencing the Subordinated Debt and any books of account evidencing the Subordinated Debt shall be marked with a specific statement that the indebtedness evidenced thereby is subject to the provisions of this Agreement.

3. **Distribution of QHC's Assets.** In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of QHC, or the proceeds thereof, to creditors of QHC, by reason of the liquidation, dissolution or other winding up of QHC's business, or in the event of any sale, receivership, insolvency or bankruptcy proceedings by or against QHC, or assignment for the benefit of creditors, or of any proceedings by or against QHC for any relief under any bankruptcy or insolvency law, or relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions, or of any other event whereby it becomes necessary or desirable to file or present claims against QHC for the purpose of receiving payment thereof, or on account thereof, then and in any such event, any payment or distribution of any kind or character, either in cash or other property, which shall be made or shall be payable with respect to any Subordinated Debt shall be paid over to Lender for application on payment of the QHC Madison Square Debt, whether due or not due, and no payments shall be made upon or in respect of Subordinated Debt unless and until the QHC Madison Square Debt shall have been paid and satisfied in full.

4. **Power of Attorney.** Creditor irrevocably authorizes and empowers Lender, or any person Lender may designate, to act as attorney for Creditor with full power and authority in the name of Creditor, or otherwise, to make and present such claims or proofs of claims against QHC on account of the Subordinated Debt as Lender, or its appointee, may deem expedient and proper and, if necessary, to vote such claims in any proceedings and to receive and collect any and all dividends or other payments and disbursements made thereon in whatever form they may be paid or issued, and to give acquittance therefor and to apply the same to the QHC Madison Square Debt, and Creditor hereby agrees, from time to time and upon request, to make, execute and deliver to Lender such powers of attorney, assignments, endorsements, proofs of claim, pleadings, verifications, affidavits, consents, agreements or other instruments as may be requested by Lender in order to enable Lender to enforce any and all claims upon, or with respect to, the Subordinated Debt and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to the Subordinated Debt.

5. **Payments in Trust.** Except as set forth in Section 2 hereof, should any payment or distribution or security or proceeds be received by Creditor upon or with respect to the Subordinated Debt prior to the satisfaction of the QHC Madison Square Debt, Creditor will forthwith deliver the same to the Lender in precisely the form as received (except for the endorsement or assignment of Creditor where necessary) for application on the QHC Madison Square Debt, whether due or not due, and until so delivered the same shall be held in trust by Creditor as property of the Lender. In the event of the failure of Creditor to make any such endorsement or assignment, the Lender, or any of its officers or employees on behalf of the Lender, is hereby irrevocably authorized to make the same.

6. **Modification of QHC Madison Square Debt.** No renewal, modification or extension of time of payment of the QHC Madison Square Debt and no release or surrender of any security for the QHC Madison Square Debt, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this, or any other subordination agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the QHC Madison Square Debt, or under this Agreement, shall in any manner

impair or affect the rights and duties of Lender and Creditor. Lender, in its uncontrolled discretion, may waive or release any right or option under this Agreement without the consent of QHC or Creditor and without otherwise in any way affecting the obligations of the Creditor hereunder. Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment of the QHC Madison Square Debt.

7. **Continuing Agreement.** This Agreement shall be a continuing agreement and Lender may continue, without notice to Creditor, to lend monies, extend credit and make other accommodations to or for the account of QHC Madison Square in reliance hereon. Creditor agrees that Lender, at any time and from time to time, may enter into such agreement or agreements with QHC Madison Square as Lender may deem proper, extending the time of payment or renewing or otherwise altering the terms of all or any of the obligations of QHC Madison Square to Lender, or affecting any security underlying any or all of such obligations, or may exchange, sell or surrender or otherwise deal with any such security, or may release any balance of funds of QHC Madison Square with Lender, without notice to Creditor and without in any way impairing or affecting this Agreement.

8. **Successors and Assigns.** This Agreement shall inure to the benefit of Lender, any successors and assigns of Lender, and any financial institution joining in making said loan or extending said credit line, or committing itself to make any advances in connection therewith or which may now, or hereafter, participate therein. This Agreement shall be binding upon the Creditor, its successors and assigns.

9. **Notice.** Any notices required or permitted to be given pursuant to the Loan Documents shall be in writing and shall be given by personal delivery or by mailing the same by United States mail, postage prepaid, addressed as follows:

If to QHC: Jerry W. Voyna
8350 Hickman, Suite 15
Des Moines, Iowa 50325
PHONE (515) 276-3656
FAX (515) 276-4353

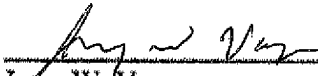
If to Lender: Lincoln Savings Bank, an Iowa banking corporation
1375 SW State St.
Ankeny, Iowa 50023
PHONE (515) 777-7979
FAX () -

If to Creditor: Webb Trust
c/o Jeff Schneidman, Esq.
Plattner, Schneidman,
Schneider & Jeffries, P.C.
9141 E. Hidden Spur Trail
Scottsdale, Arizona 85255
PHONE (602) 274-7955
FAX (602) 285-5589

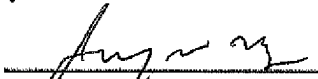
10. Governing Law and Jurisdiction. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF IOWA WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF. CREDITOR AGREES THAT ANY SUIT OR PROCEEDING AGAINST IT IN CONNECTION WITH, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, MAY BE INSTITUTED IN ANY COURT IN THE STATE OF IOWA, AND CREDITOR, FOR THE PURPOSE OF ANY SUCH SUIT OR PROCEEDING, IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT. CREDITOR AND QHC WAIVE NOTICE OF ACCEPTANCE HEREOF AND ALL OTHER NOTICES OR DEMANDS WHATSOEVER.

IN WITNESS WHEREOF, the parties hereto have executed this Subordination of Indebtedness and Liens and Standstill Agreement as of the day and year first written above.

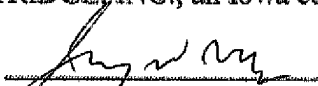
QHC MADISON SQUARE, LLC, an Iowa limited liability company

By: 
Jerry W. Voyna
Its: Member

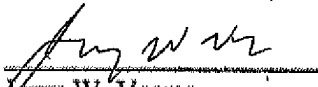
QHC FACILITIES, LLC, an Iowa limited liability company

By: 
Jerry W. Voyna
Its: Member

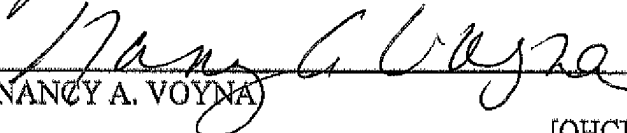
CRESTRIDGE, INC., an Iowa corporation

By: 
Jerry W. Voyna
Its: President

CRESTVIEW ACRES, INC., an Iowa corporation

By: 
Jerry W. Voyna
Its: President


JERRY W. VOYNA

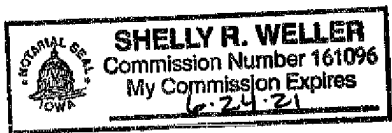

NANCY A. VOYNA

[QHC]


STATE OF IOWA)
)ss
COUNTY OF POLK)

This record was acknowledged before me on May 18, 2018 by Jerry W. Voyna, Member and President and Nancy A. Voyna.

Shelly R. Weller
Notary Public in and for the State of Iowa
Commission expires 6/24/21



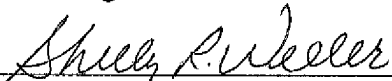
Lincoln Savings Bank, an Iowa banking corporation

By: 
 DOUG PARKER
Its: VP, COMMERCIAL LOAN OFFICER

[Lender]

STATE OF IOWA)
)ss
COUNTY OF POLK)

This record was acknowledged before me on May 18, 2018 by Doug Parker, Vice President, Commercial Loan Officer of Lincoln Savings Bank.


Notary Public in and for the State of Iowa
Commission expires: 6/24/21



Jeff Schneidman Successor Trustee of the
KENNETH A. WEBB FAMILY TRUST U/T/A
dated November 9, 1987, as amended

[Creditor]

STATE OF Arizona)
)ss
COUNTY OF Maricopa

This record was acknowledged before me on May 18, 2018 by
Jeff Schneidman, Successor Trustee of the KENNETH A. WEBB FAMILY TRUST U/T/A.



KATIE BREDLOW
Notary Public - Arizona
Maricopa County
Expires 12/04/2021

Katie Bredlow
Notary Public in and for the State of Arizona
Commission Expires: 12-04-2021