



November 23, 2010

MSMC Realty, LLC
c/o Mike Coiro
Capital Hospital Finance Group
1422 Clarkview Road
Baltimore, MD 21209

Re: Commitment Letter for purchase of 12935 South Gregory Street in Blue Island, IL used as a 410-Bed Acute Care Hospital and Medical Office Building

Dear Mike:

National Health Investors, Inc. ("NHI") is pleased to offer this non-binding Commitment Letter to consider entering into a sale leaseback transaction with MSMC Realty, LLC (as Sellers) and MSMC Investors, LLC (as Tenant), (collectively "MetroSouth") on the above referenced property subject to the review and acceptance by NHI of the following terms and conditions:

Purchase Price:

- Purchase Price: \$17,000,000
- NHI Cap-ex Investment: \$3,000,000 funded on or before April 1, 2011
\$3,000,000 funded on or before April 1, 2012
- Lease Amount: \$2,091,000 (12.3%) to be increased as capital expenditures are reimbursed. The increase will be an amount equal to the amount funded times the then existing lease rate.
- Annual Escalator: 1.03 beginning in month 13 and annually thereafter
- Lease Term: 15 years
- Renewal Options: One, 15 year renewal option under same lease terms
- Closing Estimate: Best efforts to close by December 10, 2010

Additional Terms:

1. A commitment fee of 1% (\$230,000) shall be paid by MetroSouth to NHI, in consideration for NHI's commitment to enter into the transaction set forth in this Commitment Letter (\$170,000 payable at closing; \$30,000 payable upon the funding of the first \$3,000,000 in capital expenditure reimbursement (the "First Draw") and the last \$30,000 payable upon the funding of the second \$3,000,000 in capital expenditure reimbursement

(the "Second Draw"). A fee of 1% (\$230,000) shall be paid by MetroSouth to CFG, in consideration for CFG's efforts to arrange the transactions as set forth in this Commitment Letter and, a second fee, of \$156,000, shall be paid by MetroSouth to CFG. These fees will be payable as follows: \$170,000 at closing, \$108,000 upon the First Draw, \$30,000 upon the Second Draw and \$78,000 paid upon the repurchase of the property by MetroSouth from NHI.

2. This Commitment Letter is contingent on completion of satisfactory review of all due diligence, credit review and all final transaction documentation in NHI's sole discretion. This Commitment Letter is subject to the execution of a mutually agreed upon Asset Purchase Agreement, Lease Agreement and related transaction documents.
3. MetroSouth will maintain a Current Ratio of 1.15: 1.00 (current assets divided by current liabilities, but excluding all inter-company and related party items). In addition the operations must maintain a quarterly Lease Coverage Ratio of at least 2.00: 1.00 in Year 1, 2.50: 1.00 in Year 2, and 3.00: 1.00 in Year 3 and thereafter. In addition, MetroSouth will maintain a Fixed Charged Coverage Ratio (lease service plus all debt service) of 1.50: 1.00 at all times. Both ratios will be calculated using NOI after assumed capital expenditures of 1% of net revenue and assumed management fee of \$1,000,000.
4. NHI anticipates requiring the guaranty of Harrison Hospital Holdings, LLC, MSMC Homecare, LLC, MSMC Hospice, LLC and Harrison Hospital Realty, LLC. This may change based upon acceptable final due diligence and credit review of its financial statements and the review of corporate and ownership structure.
5. NHI requires a personal guaranty from David Reis, which guaranty shall guaranty any monthly deficiencies in lease payments in an aggregate amount up to \$1,000,000. The personal guaranty amount shall not be offset by payments pursuant to the lease and the liability shall survive an event of default which results in NHI transferring operations to a new operator.
6. NHI will have a senior security interest in all existing and replacement personal property, FFE, and pledge of membership, shareholder and/or partner interests. In addition, management fees and owner distributions shall be subordinated to NHI. NHI shall allow an accounts receivable line of credit in an amount not to exceed \$10.0M. Any increases shall be approved by NHI and NHI shall have a subordinated interest in cash accounts and accounts receivable and will enter into a mutually agreed upon intercreditor agreement. Notwithstanding the above, NHI shall require a \$1,000,000 letter of credit issued by Capital Funding Bank and secured with the collateral under the accounts receivable line of credit.
7. NHI will provide a purchase option during lease years 3 to 5 at a purchase price on the date of closing of \$25,725,000 in lease year 3, \$26,700,000 in lease year 4 and \$27,775,000 in lease year 5 which shall

be allocated by all proceeds going to NHI with the exception of \$750,000 going to Capital Hospital Funding Group. MetroSouth shall provide 9 months notice to NHI of exercising its purchase option.

8. NHI will require timely submission of an annual audit of MetroSouth, Guarantor financials and tax returns, financial and operational reporting requirements including, but not limited to, monthly financial statements of the operator, census mix/days, state surveys, rate information, etc. The reporting covenants shall be 120 days from year end for the audit, 45 days after the end of a quarter and 30 days from any month end. David Reis will be required to submit an annual personal financial statement (balance sheet only).
9. NHI will have performed acceptable due diligence on MetroSouth and its operations. Prior to inception and during the lease term, any change in operator shall be approved by NHI in its sole discretion and will be subject to NHI's further due diligence.
10. MetroSouth must carry industry standard insurance on the buildings and operations, including, but not limited to, replacement cost property insurance and business interruption insurance. In addition the facilities must carry industry standard general and professional liability policy, in amounts acceptable to NHI. NHI shall be named an additional named insured and the form and final amounts of insurance must be acceptable to NHI based upon review of the policies and any required endorsements.
11. MetroSouth must spend 1% of annual revenues on capital expenditures starting in year 2 and continuing through the lease. If required amounts are not spent on an annual basis, any shortfall will be escrowed with NHI and any overage shall be credited to the next year's requirement. MetroSouth will be reimbursed for any capital improvements made out of the escrow account upon submission of invoices and proof of payment.
12. So long as no defaults exist under the lease that remains uncured beyond the applicable cure period, NHI agrees to reimburse \$3,000,000 in approved capital expenditures spent from January 1, 2010 through March 31, 2011 by April 1, 2011 and further, NHI agrees to reimburse an additional \$3,000,000 in approved capital expenditures spent from January 1, 2011 through March 31, 2012 by April 1, 2012. Upon funding, the lease payment shall be increased by the amount funded times the then applicable lease rate. MetroSouth shall provide a detailed list of capital expenditures that would be reimbursable prior to closing which must be mutually agreed upon. Approved capital expenditures shall consist of those items spent on the building (i.e., roof, parking lot, substantial renovations or finishing out of unused leased space, mechanical equipment), revenue generating equipment, and patient room furnishings. Specifically excluded items will be any one item less than \$2,500, computers, software, artwork, executive office FFE, autos and audiovisual equipment (unless in patient rooms).



13. NHI will perform confirmatory due diligence which will partly be handled through outside consultants. This will include site visits, market studies, property inspections, review of audited financial statements and 2010 year to date financial statements and projections. Said 2010 financials shall be updated through the most recent month end prior to closing.
14. NHI will require a Phase 1 Environmental Report (and Phase 2 if necessary), As-Built survey, and acceptable title which will require that the property be transferred with a warranty deed and acceptable owners title policy. In addition, NHI may require an appraisal and a capital needs assessment.
15. NHI shall charge a due diligence fee of \$25,000, to the extent NHI chooses to not move forward, then this amount shall be refunded net of out of pocket expenses. NHI shall not incur any expense whatsoever in connection with this Commitment Letter, related due diligence, or lease transaction. MetroSouth shall pay all reasonable costs and expenses incurred in connection with the preparation for and the closing of the transaction, whether it closes or not, and proceedings to recover any sums due NHI in connection with this agreement, including without limitation, any broker or consulting fees, the commitment fee, travel cost, appraisal fees, environmental and other inspection fees, surveys, legal fees (including the fees of NHI's counsel), related taxes of any kind, all recording costs, all license and permit fees, all title insurance and other insurance premiums, all court costs and other litigation and/or arbitration expenses. The due diligence fee is non-refundable should MetroSouth decide to not move forward for any reason. At closing the due diligence fee shall be applied first to expenses and then to the commitment fee. NHI shall provide to company a closing statement of all costs incurred to close this transaction at closing.
16. Notwithstanding any provision in this non-binding Commitment Letter to the contrary, the provisions hereof are acknowledged and agreed by the parties hereto to be valid, binding and legally enforceable against the parties hereto in accordance with their terms, regardless of whether the transactions contemplated by this Commitment Letter close or not.

This non-binding Commitment Letter is valid through Monday, November 22, 2010.

NHI requires that MetroSouth and its officers, directors, counsel, employees, affiliates, or consultants ("Representatives"), treat this proposal, along with any terms of a possible transaction, as confidential along with any written or oral information (the "Confidential Material") that you or your Representatives receive. The Confidential Material may be disclosed to your Representatives, as needed, in connection with the transaction, all of whom shall be directed by you to treat the Confidential Material as confidential. In addition, you and your Representatives will not disclose to any person, either the fact that discussions or negotiations are taking place concerning a possible transaction with NHI, or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof.

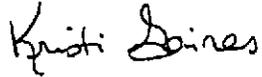
2

MetroSouth
November 23, 2010
Page 5

Should you have any questions regarding this non-binding Commitment Letter, please do not hesitate to call. NHI looks forward to working with you on this transaction.

Sincerely,

NATIONAL HEALTH INVESTORS, INC.



Kristin S. Gaines
Chief Credit Officer

Accepted by:


Date: 11/23/10
Print Name: Laurian Korte