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09-11-2003



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Form PTO-1594 F
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 9-8-03
Summit Care Corporation
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: U.S. Bank National Association,
Internal as collateral agent
Address: _____
Street Address: 633 W. Fifth St., 24th Fl.
City: Los Angeles State: CA Zip: 90071
 Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other National Banking Association
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____
Execution Date: August 19, 2003

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s)
See attached Schedule A.
Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 6

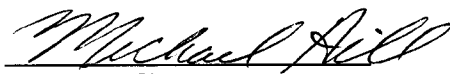
5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Michael Hill
Internal Address: Brown Rudnick Berlack
Israels LLP
Street Address: One Financial Center
City: Boston State: MA Zip: 02111

7. Total fee (37 CFR 3.41).....\$ 165.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
Michael Hill  September 5, 2003
Name of Person Signing Signature Date
Total number of pages including cover sheet, attachments, and document: 20

09/10/2003 LABELER 00000168 2197216
01 FC:0321 40.00 DP
02 FC:0322 125.00 DP

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002821 FRAME: 0522

Schedule A

Trademark Registrations No.(s)

| <u>Trademark Registrations</u> | <u>Registration Number(s)</u> | <u>Date of Registration</u> |
|-------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| Design of man with outstretched arms standing on top of a medicinal tablet | 2197216 | 10/20/98 |
| “Innovative Solutions In Health Care” | 2193214 | 10/06/98 |
| “RXPertise” | 2140771 | 03/03/98 |
| “SCP Systems” | 2436075 | 03/20/01 |
| “Skilled Care Pharmacy” | 2325082 | 03/07/00 |
| “SkilledCare Pharmacy” (including design of man with outreached arms standing on top of a medicinal tablet) | 2325083 | 03/07/00 |

TRADEMARK SECURITY AGREEMENT

AGREEMENT dated as of August 19, 2003 made by Summit Care Corporation, a California corporation with its chief executive office at 27442 Portola Parkway, Foothill Ranch, California, 92610 ("Grantor"), in favor of U.S. Bank National Association, in its capacity as collateral agent ("Secured Party") under that certain Collateral Agency Agreement dated as of August 19, 2003 by and between Grantor, Fountain View, Inc. ("Parent") and certain of its subsidiaries and/or affiliates ("Collateral Agency Agreement") for the benefit of (i) Development Specialists, Inc. as agent (the "Claims Agent") for the holders of Class 10 Claims and the Vendor Claims (the "Vendor Claim Holders"), (ii) the Class 10 Claim Holders, (iii) the Vendor Claim Holders, (iv) U.S. Bank National Association, as trustee (together with its successors in such capacity, the "Trustee") under the Indenture, dated as of August 19, 2003 (the "Indenture"), pursuant to which Parent shall issue Senior Subordinated Secured Increasing Rate Notes due 2008 in the aggregate initial principal amount of \$106,761,608 (the "Notes") to the bondholders (the "Bondholders"), and (v) the Bondholders. All capitalized terms used but not defined herein shall have the respective meanings provided therefore in the Plan (hereinafter defined).

W I T N E S S E T H:

A. The Grantor, Parent and certain of its subsidiaries and/or affiliates filed for reorganization under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the "Bankruptcy Court"); and

B. By order, dated July 10, 2003, the Debtors' Third Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated April 22, 2003, in Case No. LA 01-39678BB through LA 01-39697BB and LA 01-45516BB, LA 01-45520BB and LA 01-45525BB, in the Bankruptcy Court, as such may be modified, amended or supplemented from time to time (the "Plan"), has been confirmed in accordance with Section 1129 of the Bankruptcy Code and the Plan has become effective as of August 19, 2003; and

C. As part of the Plan and pursuant to the Indenture, the Parent agreed, *inter alia*, to issue the Notes to holders of the Parent's outstanding Senior Subordinated Notes (the "Old Notes") in exchange for all of the Parent's outstanding Old Notes and obligations thereunder; and

D. As part of the Plan and pursuant to the Security Agreement dated August 19, 2003 by and between Grantor, Parent, certain of its subsidiaries and affiliates (collectively, the "Grantors") and Secured Party, as such may be amended, modified or supplemented from time to time (the "Security Agreement"; together with the Indenture, the Collateral Agency Agreement, the Notes, this Trademark Security Agreement and all related leasehold mortgages, security agreements, documents, and instruments, the "Bond Documents"), Grantors agreed to grant Liens on the Collateral (as defined in the Security Agreement) to secure, among other things, the Class 10 Claims, the obligations owed to the Vendor Claim Holders under the Plan and the obligations owed under the Notes and the other Bond Documents.

E. Secured Party's willingness to enter into the Bond Documents is subject to the condition, among others, that Grantor execute and deliver this Trademark Security Agreement.

NOW, THEREFORE, in consideration of the premises and for one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in addition to, and not in limitation of, any rights of the Secured Party under the Bond Documents, Grantor hereby agrees for the benefit of Secured Party as follows:

1. DEFINITIONS.

1.1 The following terms shall have the meanings set forth in this Section 1 or elsewhere in this Agreement referred to below:

“Associated Goodwill” shall mean all goodwill of the Grantor or its business, products and services appurtenant to, associated with or symbolized by the Trademarks and/or the use thereof.

“Events of Default” shall have the meaning given such term in the Security Agreement.

“Obligations” shall have the meaning given such term in the Security Agreement.

“Proceeds” shall mean any consideration received from the sale, exchange, license, lease or other transfer or disposition of any right, interest, asset or property which constitutes Trademark Collateral, any value received as a consequence of the ownership, possession, or use of any Trademark Collateral, and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft or other involuntary conversion of whatever nature of any right, interest, asset or property which constitutes Trademark Collateral.

“PTO” shall mean the United States Patent and Trademark Office.

“Related Assets” shall mean all assets, rights and interests of the Grantor which uniquely reflect or embody the Associated Goodwill, including but not limited to the following: all patents, inventions, copyrights, trade secrets, license agreements, confidential information, formulae, algorithms, methods, processes, compounds, know-how, operating systems, drawings, descriptions, formulations, manufacturing and production and delivery procedures, quality control procedures, product and service specifications, catalogs, price lists, and advertising materials, relating to the manufacture, production, delivery, provision, licensing and sale of goods or services under or in association with any of the Trademarks, and all books and records describing or used in connection with any or all of the foregoing.

“Trademarks” shall mean all of the trademarks, service marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, elements of package or trade dress, and/or other source and/or

product or service identifiers, and general intangibles of like nature, used or associated with or appurtenant to the products, services and business of the Grantor, which (i) are set forth on Schedule A attached hereto, or (ii) have been adopted, acquired, owned, held or used by the Grantor and are now owned, held or used by the Grantor, in the Grantor's business, or with the Grantor's products and services, or in which the Grantor has any right, title or interest, or (iii) are in the future adopted, acquired, owned, held and/or used by the Grantor in the Grantor's business or with the Grantor's products and services, or in which the Grantor in the future acquires any right, title or interest.

“Trademark Collateral” shall mean all of the Grantor's right, title and interest (to the extent Grantor has any such right, title or interest) in and to all of the Trademarks, the Trademark Registrations, the Trademark Rights, the Associated Goodwill, the Related Assets, and all additions, improvements and accessions to, substitutions for, replacements of, and all products and Proceeds (including insurance proceeds) of any and all of the foregoing.

“Trademark Registrations” shall mean all past, present or future federal, state, local and foreign registrations of the Trademarks (and all renewals and extensions of such registrations), all past, present and future applications for any such registrations of the Trademarks (and any such registrations thereof upon approval of such applications), together with the right (but not the obligation) to apply for such registrations (and prosecute such applications) in the name of the Grantor or the Secured Party, and to take any and all actions necessary or appropriate to maintain such registrations in effect and/or renew and extend such registrations.

“Trademark Rights” shall mean any and all past, present or future rights in, to and associated with the Trademarks throughout the world, whether arising under federal law, state law, common law, foreign law or otherwise, including but not limited to the following: all such rights arising out of or associated with the Trademark Registrations; the right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation; the right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Grantor or the Secured Party for any and all past, present and future infringements or dilution of or any other damages or injury to the Trademarks, the Trademark Rights, or the Associated Goodwill, and the rights to damages or profits due or accrued arising out of or in connection with any such past, present or future infringement, dilution, damage or injury.

“Use” of any Trademark shall include all uses of such Trademark by, for or in connection with the Grantor or its business or for the direct or indirect benefit of the Grantor or its business, including but not limited to all such uses by the Grantor itself, by any of the affiliates and/or subsidiaries of the Grantor, or by any licensee or contractor of the Grantor.

2. GRANT OF SECURITY; COLLATERAL ASSIGNMENT.

2.1 Grant of Security Interest. As collateral security for the complete and timely payment, performance and satisfaction of all Obligations, the Grantor hereby unconditionally grants to the Secured Party, a continuing security interest in and lien on the Trademark Collateral, and pledges, mortgages and hypothecates (but does not transfer title to) the Trademark Collateral to the Secured Party.

2.1A Intercreditor Agreement. Notwithstanding any provisions set forth herein, each of the provisions hereof and Secured Party's rights and remedies hereunder are subject to the provisions set forth in that certain Intercreditor Agreement dated August 19, 2003 by and between CapitalSource Finance LLC, Secured Party, Claims Agent, Parent and certain of its subsidiaries and affiliates ("Intercreditor Agreement").

2.2 Collateral Assignment.

(a) In addition to, and not by way of limitation of, the grant, pledge, mortgage and hypothecation of the Trademark Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Secured Party, its entire right, title and interest in and to the Trademark Collateral; provided, however, that such grant, assignment, transfer and conveyance shall be and become of force and effect only upon the occurrence and continuation of an Event of Default under the Security Agreement or a Claim Default under the Collateral Agency Agreement and notice from Secured Party to Grantor. The foregoing grant, assignment, transfer and conveyance shall be referred to from time to time herein as the "Section 2.2 Assignment."

(b) The Grantor acknowledges and agrees that, upon the effectiveness of the Section 2.2 Assignment, the Secured Party shall have the cumulative rights in and to the Trademark Collateral as are provided in this Agreement and in the other Bond Documents. The Grantor further acknowledges and agrees that upon and at any time following the effectiveness of a Section 2.2 Assignment, the Secured Party may complete the Trademark Assignment attached as Exhibit A hereto and record such Trademark Assignment with the PTO, although Secured Party's failure to do so shall not affect its rights and remedies hereunder.

2.3 Supplemental to Bond Documents. Grantor expressly acknowledges to the Secured Party and agrees that contemporaneously with the execution date hereof, the Grantor executed and delivered the Bond Documents pursuant to which the Grantor unconditionally granted to the Secured Party, a continuing security interest in and lien on the Collateral (as defined in the Security Agreement) (including the Trademark Collateral). In no event shall this Agreement, the Section 2.2 Assignment of the Trademark Collateral hereunder, or the recordation of this Agreement (or any document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Bond Documents, the security interest of the Secured Party in the Collateral (as defined in the Security Agreement) (including the Trademark Collateral) pursuant to the Bond Documents, the attachment and perfection of such security interest under the Code, or the present or future rights and interests of the Secured Party in and to

the Collateral (as defined in the Security Agreement) under or in connection with the Bond Documents, this Agreement and/or the Code. Any and all rights and interests of the Secured Party in and to the Trademark Collateral (and any and all obligations of the Grantor with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Secured Party (and the obligations of the Grantor) in, to or with respect to the Collateral (as defined in the Security Agreement) (including the Trademark Collateral) provided in or arising under or in connection with the other Bond Documents.

2.4 Effect of Section 2.2 Assignment. Upon the effectiveness of the Section 2.2 Assignment, the Secured Party shall own the entire right, title and interest in and to the Trademark Collateral, free and clear of any lien, charge, encumbrance or claim of the Grantor or any other party (other than ownership and other rights reserved by owners of Licensed Trademarks or other Trademark Collateral licensed to the Grantor). Upon such effectiveness, in addition to all other rights and remedies of the Secured Party, whether under law, the Bond Documents or otherwise (all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, without notice to or consent by the Grantor except as expressly provided otherwise herein), the Secured Party's rights and remedies with respect to the Trademark Collateral, shall include but not be limited to the following, without payment of royalty or compensation of any kind to the Grantor except as expressly provided otherwise herein:

- (a) The Secured Party may exercise, in respect of the Trademark Collateral, all the rights and remedies of a secured party upon default under the Uniform Commercial Code (whether or not such Code applies to the affected Trademark Collateral) or other law applicable to any part of the Trademark Collateral.
- (b) The Secured Party may operate the business of the Grantor using the Trademark Collateral.
- (c) The Secured Party may, to the same extent that the Grantor has the right to do so immediately prior to the effectiveness of the Section 2.2 Assignment, license or sublicense, whether general, special or otherwise and whether on an exclusive or nonexclusive basis, any of the Trademark Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine.
- (d) In general, the Secured Party may exercise, in respect of the Trademark Collateral, all rights and remedies provided under the other Bond Documents, or otherwise including, without limitation, all rights and remedies of a secured party on default under the Code (whether or not the Code applies to the Trademark Collateral).
- (e) In addition to the foregoing, in order to implement the assignment, sale, transfer or other disposition of any of the Trademark Collateral, the Secured Party may, pursuant to the authority granted in the power of attorney provided in Section 5 hereof (such authority becoming effective upon the occurrence and during the continuation of an Event of

Default under the Security Agreement or a Claim Default under the Collateral Agency Agreement), execute and deliver on behalf of the Grantor one or more instruments of assignment of the Trademark Collateral, in form suitable for filing, recording or registration in any jurisdiction or country.

2.5 Effect of Section 2.2 Assignment - Grantor's Obligations.

(a) Upon the effectiveness of the Section 2.2 Assignment provided herein, the Grantor shall have no right, title or interest in or to any of the Trademark Collateral, and, upon notice from the Secured Party, the Grantor shall immediately cease and desist in the use of the Trademarks or any colorable imitation thereof, and shall, upon written demand of the Secured Party, deliver to the Secured Party (or the Secured Party's designee) all unused or unsold goods bearing the Trademarks.

(b) In addition, upon the effectiveness of the Section 2.2 Assignment provided herein, upon the written demand of the Secured Party, the Grantor shall execute and deliver to the Secured Party an assignment or assignments of the Trademark Collateral and such other documents as are necessary or appropriate to carry out the intent and purposes of this Agreement; provided that the failure of the Grantor to comply with such demand will not impair or affect the validity of the Section 2.2 Assignment. The Grantor agrees that any such assignment (including a Section 2.2 Assignment) and/or any recording thereof shall be applied to reduce the Obligations outstanding only to the extent that the Secured Party actually receives cash proceeds in respect of the assignment, sale, license, transfer or disposition of, or other realization upon, the Trademark Collateral.

(c) In the event of any such license, assignment, sale, transfer or other disposition of the Trademark Collateral, or any of it, after the occurrence and during the continuation of an Event of Default under the Security Agreement or a Claim Default under the Collateral Agency Agreement, whether to or by the Secured Party, the Grantor shall supply to the Secured Party (or the Secured Party's designee) the Grantor's know-how and expertise relating to the products and services sold and provided under the Trademarks, and other records relating to the Trademark Collateral and to the production, marketing, delivery and sale of said products and services.

2.6 No Obligations of Secured Party. Nothing herein contained shall be construed as obligating the Secured Party to take any of the foregoing actions at any time.

2.7 Costs and Application of Proceeds. The Grantor agrees to pay when due all costs incurred in any license, assignment, sale, transfer or other disposition of all or any portion of the Trademark Collateral to or by the Secured Party, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. The Secured Party may apply the Proceeds actually received from any such license, assignment, sale, transfer, other disposition or other collection or realization, to the out-of-pocket costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred or paid by the Secured Party in protecting or enforcing its rights upon or

under this Agreement, the Trademark Collateral, the Collateral (as defined in the Security Agreement) or the Obligations, and any proceeds remaining shall be held by the Secured Party as collateral for, and/or then or at any time thereafter applied to the Obligations, in accordance with the Collateral Agency Agreement; and the Grantor shall remain liable and will pay the Secured Party on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid.

2.8 License. In addition to, and not by way of limitation of, all other rights of the Secured Party and obligations of the Grantor pursuant to this Agreement and the other Bond Documents, upon the effectuation of a Section 2.2 Assignment and subject to the Intercreditor Agreement, the Secured Party shall hold an exclusive fully paid-up, irrevocable and perpetual, worldwide right and license to make use, practice and sell (or license or otherwise transfer to third persons) the Trademark Collateral, for the exclusive purpose of (and to the extent necessary and sufficient for) the full and complete enjoyment and exercise of and realization upon the rights, remedies and interests of the Secured Party pursuant to this Agreement and the other Bond Documents.

3. REPRESENTATIONS AND WARRANTIES. The Grantor represents and warrants to, and covenants and agrees with, Secured Party, as follows:

3.1 Schedules of Trademarks. Set forth on Schedule A hereto is a true and complete list of all present Trademarks and Trademark Registrations of the Grantor. All licenses and other agreements applicable to the Trademarks are the valid and binding obligations of all of the parties thereto, enforceable against each of such parties in accordance with their respective terms (provided that, with respect to any such parties other than the Grantor and its affiliates, such representation and warranty is made to the best of the Grantor's knowledge and belief).

3.2 Title. The Grantor is and will continue to be the sole and exclusive owner of the entire legal and beneficial right, title and interest in and to the Trademarks (except for licenses and rights granted in the ordinary course of business) and sufficient Trademark Collateral to preserve the Grantor's rights in its Trademarks, free and clear of any lien, charge, security interest or other encumbrance, except for the security interest and conditional assignment created by this Agreement and the other Bond Documents, and except for liens and encumbrances explicitly permitted pursuant to the Bond Documents and the Intercreditor Agreement. The Grantor will defend its right, title and interests in and to the Trademarks and the Trademark Collateral against any and all claims of any third parties.

3.3 Validity and Enforceability. The Trademarks and the Trademark Registrations and Trademark Rights related thereto are subsisting, and have not been adjudged invalid or unenforceable; all of the Trademarks and the Trademark Registrations and Trademark Rights related thereto are valid and enforceable; the Grantor has not received any written claim by any third party that any of the Trademarks and the Trademark Registrations and Trademark Rights related thereto are invalid or unenforceable.

3.4 Exclusive Right to Use. To the best of the Grantor's knowledge and belief except as otherwise disclosed on Schedule A, the Grantor has, and shall continue to have, the exclusive right to use all the Trademarks in the manner in which they are now used, with the goods and services with which they are now used (and, in the case of registered Trademarks, for which they are registered), and throughout the geographic areas in which they are now used (and, in the case of registered Trademarks, throughout the jurisdictions in which they are registered), free and clear of any liens, charges, encumbrances, claims or rights of any third party (other than those permitted under Section 3.2 hereof), or restrictions on the rights of the Grantor to protect or enforce any of its Trademark Rights against any third party.

3.5 After-Acquired Trademark Collateral. The Grantor agrees that, upon its commencement of use of or acquisition of any right, title or interest in or to any Trademark, Trademark Registration or Trademark Right other than the Trademarks, Trademark Registrations and Trademark Rights set forth on Schedule A hereto (including any variations or new versions of such scheduled Trademarks, Trademark Registrations and Trademark Rights), or upon commencement of use of any Trademark with (or the addition to any Trademark Registration of) any new class of goods or services, the provisions of this Agreement shall automatically apply thereto. The Secured Party shall be authorized to amend Schedule A, as appropriate, to include such additional Trademarks, Trademark Registrations and Trademark Rights, without the necessity for the Grantor's approval of or signature to such amendment, and the Grantor shall do all such other acts (at its own expense) deemed necessary or appropriate by the Secured Party to implement and preserve the Secured Party's interest therein (including but not limited to executing and delivering, and recording in all places where this Agreement or notice hereof is recorded, an appropriate counterpart of this Agreement). Such additional Trademarks, Trademark Registrations and Trademark Rights shall be automatically included in the "Trademarks," "Trademark Registrations" and "Trademark Rights" as defined herein. Upon the use of a new mark, the Grantor shall provide to the Secured Party a new Schedule A which shall amend, supplement or otherwise modify and update the prior Schedule to the then current date, and such updated Schedule A shall automatically be deemed to be a part of this Agreement.

3.6 Maintenance of Trademark Collateral. The Grantor shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as may be necessary or appropriate to properly maintain, protect, preserve, care properly for and enforce the Trademarks and the Trademark Registrations, Trademark Rights and Associated Goodwill relating thereto and sufficient Related Assets to preserve the Grantor's rights in the Trademarks. Without limiting the generality of the foregoing, the Grantor shall pay when due all fees, taxes and other expenses which shall be incurred or which shall accrue with respect to any of such Trademark Collateral.

3.7 Manner of Use of Trademarks. The Grantor shall continue to use the Trademarks in its business in the same or similar manner as it has in the past, for registered Trademarks shall continue to use each Trademark in each jurisdiction of registration (and in interstate commerce for federally registered Trademarks in each and every class of goods or services for which it is registered), and in general shall continue to use the Trademarks in each and every class of goods and services applicable to the Grantor's current use of the Trademarks in

its business as reflected in its current catalogs, brochures, advertising and price lists, all in order to maintain the Trademarks in full force, free from any claim or risk of abandonment for non-use.

3.8 Trademark Symbols and Notices; No Abandonment. The Grantor has in the past used, and shall in the future use, the Trademarks with the statutory and other appropriate symbols, notices or legends of the registrations and ownership thereof. The Grantor shall not abandon any of the Trademarks, Trademark Registrations or Trademark Rights, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment of any Trademark, Trademark Registration or Trademark Right or loss of or adverse effect on any rights in any Trademark, Trademark Registration or Trademark Right. Prohibited acts of the Grantor shall include but not be limited to "assignments in gross" of any Trademark or the license of any Trademark without both appropriate contractual use and quality control provisions and proper monitoring, supervision and enforcement by the Grantor of the quality of the licensed goods or services. The Grantor shall take all necessary and appropriate actions to insure that none of the Trademarks shall become generic or merely descriptive.

3.9 Enforcement of Licenses. The Grantor shall do all things which are necessary or appropriate to insure that each licensee of any Trademark, in its use of the Trademarks in its business, shall (i) comply fully with all applicable license agreements and (ii) satisfy and perform all the same standards and obligations set forth herein (with respect to the Grantor's use of the Trademarks) as fully as though such standards and obligations were set forth with respect to such licensee's use of the Trademarks.

3.10 No Infringements. To the best of the Grantor's knowledge and belief, except as set forth on Schedule A hereto, there is at present no material infringement or unauthorized or improper use of the Trademarks or the Trademark Registrations or the Trademark Rights related thereto. In the event any such infringement or unauthorized or improper use by any third party has been reasonably established by the Grantor, the Grantor shall promptly notify the Secured Party and shall have the right to sue and recover therefor and to retain any and all damage so recovered or obtained.

3.11 Further Assurances. Without limiting the obligations of Grantor under the Bond Documents, Grantor shall take such actions as are necessary to preserve and maintain its rights in and to the Trademark Collateral. Upon the request of Secured Party, Grantor shall execute, acknowledge and deliver all documents and instruments and take such other actions, including without limitation testifying in any legal or administrative proceedings, as may be necessary or desirable to preserve or enforce Grantor's rights in and to the Trademark Collateral or to accomplish the purposes of this Agreement or the Bond Documents.

4. RIGHTS OF AND LIMITATIONS ON SECURED PARTY.

4.1 Grantor to Remain Liable. It is expressly agreed by Grantor that Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it relating to the Trademark Collateral. Secured Party shall not have any obligation or liability under or in relation to the Trademark Collateral by reason of, or arising out of, this

Agreement and Secured Party's rights hereunder, or the assignment by Grantor to Secured Party of, or the receipt by Secured Party of, any payment relating to any Trademarks, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Grantor relating to the Trademark Collateral or be liable to any party on account of Grantor's use of the Trademark Collateral, and Grantor will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage (including reasonable attorneys fees and expenses) suffered in connection with such obligations or use or suffered in connection with any suit, proceeding or action brought by Secured Party in connection with any Trademark Collateral.

4.2 Secured Party's Actions. If Grantor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Secured Party incurred in connection with such performance or compliance shall be paid by Grantor on demand and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the same rate as the Obligations under the Bond Documents.

4.3 Indemnification. The Grantor shall indemnify and hold harmless the Secured Party from and against, and shall pay to the Secured Party on demand, any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities of any kind or nature (except those resulting from the Secured Party's gross negligence or willful misconduct) arising in any way out of or in connection with this Agreement, the Trademark Collateral, custody, preservation, use, operation, sale, license (or other transfer or disposition) of the Trademark Collateral, any alleged infringement of the intellectual property rights of any third party, the production, marketing, delivery and sale of the goods and services provided under or in connection with any of the Trademarks or the Trademark Collateral, the sale of, collection from or other realization upon any of the Trademark Collateral, the failure of the Grantor to perform or observe any of the provisions hereof, or matters relating to any of the foregoing. The Grantor shall also indemnify and hold harmless the Secured Party from and against any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities arising out of or in connection with any fault, negligence, act or omission of the Grantor (regardless of whether such fault, negligence, act or omission occurred or occurs prior to or after such effectiveness). The Grantor shall make no claim against the Secured Party for or in connection with the exercise or enforcement by the Secured Party of any right or remedy granted to it hereunder, or any action taken or omitted to be taken by the Secured Party hereunder (except for the gross negligence or willful misconduct of the Secured Party).

4.4 Specific Enforcement. Due to the unique nature of the Trademark Collateral, and in order to preserve its value, the Grantor agrees that the Grantor's agreements, duties and obligations under this Agreement shall be subject to specific enforcement and other appropriate equitable orders and remedies.

5. SECURED PARTY'S APPOINTMENT AS ATTORNEY-IN-FACT.

5.1 Appointment of Secured Party. Grantor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right upon and during the existence of an Event of Default under the Security Agreement or a Claim Default under the Collateral Agency Agreement, on behalf of Grantor without notice to or assent by Grantor to do the following:

(a) to apply for and prosecute any applications for recording or registrations of any Trademark Collateral, and to file any affidavits or other documents necessary or desirable to preserve, maintain or renew any such registrations;

(b) to assign, sell or otherwise dispose of all or any part of Grantor's right, title and interest in and to the Trademark Collateral, including without limitation the Trademarks listed on Schedule A, and all registrations and recordings thereof and pending applications therefor;

(c) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to enforce any right in respect of any Trademark; to defend any suit, action or proceeding brought against Grantor with respect to any Trademark Collateral; to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(d) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Trademarks as fully and completely as though Secured Party were the absolute owner thereof for all purposes;

(e) to do, at Secured Party's option and Grantor's expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Trademark Collateral and Secured Party's security interests therein, in order to effect the intent of this Agreement; and

(f) to execute any and all documents, statements, certificates or other writings necessary or advisable in order to effect the purposes described above as Secured Party may in its sole discretion determine.

Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

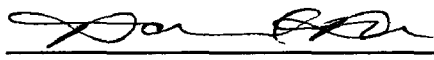
5.2 No Duty or Obligation. The powers conferred on Secured Party hereunder are solely to protect the interests of Secured Party in the Trademark Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Grantor for any act or failure to act, except for its own willful misconduct taken or omitted in bad faith.

6. GENERAL PROVISIONS. This Agreement is supplemental to the Security Agreement, the terms of which, including, without limitation, the notice and governing law provisions, the waiver of jury trial, consent to service of process and jurisdiction and prohibitions on non-written waivers, the Grantor expressly accepts, confirms and acknowledges are incorporated herein by reference. In the event of any irreconcilable conflict between the provisions of this Agreement and the Security Agreement, the provisions of the Security Agreement shall govern.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Grantor has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

SUMMIT CARE CORPORATION

By: 
Name: Roland G. Rapp
Title: Secretary

U.S. BANK NATIONAL ASSOCIATION,
AS COLLATERAL AGENT


By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, Grantor has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

SUMMIT CARE CORPORATION

By: _____
Name: _____
Title: _____

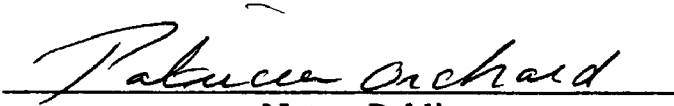
U.S. BANK NATIONAL ASSOCIATION,
AS COLLATERAL AGENT

By:  _____
Name: **PAULA OSWALD**
Title: **Vice President**

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

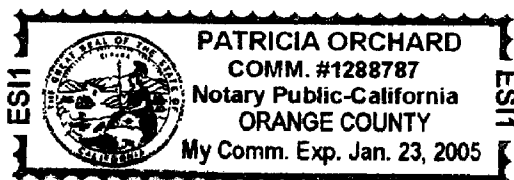
On August 8, 2003, before me, Patricia Orchard, Notary Public in and for said State, personally appeared Roland Rapp, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Notary Public

(Seal)



STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On August 13, 2003, before me, Merla S. Tomas the undersigned notary public in and for said County and State, personally appeared Paula Oswald, personally known to me ~~or proved to me on the basis of satisfactory evidence~~ to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity(ies) and that, by her signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.



Merla S. Tomas
My commission expires on October 4, 2003

SCHEDULE A TO
TRADEMARK SECURITY AGREEMENT

TRADEMARKS, TRADEMARK REGISTRATION,
SERVICE MARKS

a. Trademarks, Trademark Registrations Trademark Applications, etc.

| <u>Trademark Registrations</u> | <u>Registration Number(s)</u> | <u>Date of Registration</u> |
|-------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| Design of man with outstretched arms standing on top of a medicinal tablet | 2197216 | 10/20/98 |
| “Innovative Solutions In Health Care” | 2193214 | 10/06/98 |
| “RXPertise” | 2140771 | 03/03/98 |
| “SCP Systems” | 2436075 | 03/20/01 |
| “Skilled Care Pharmacy” | 2325082 | 03/07/00 |
| “SkilledCare Pharmacy” (including design of man with outreached arms standing on top of a medicinal tablet) | 2325083 | 03/07/00 |

b. Infringements and Claims: None

c. Licenses: None

EXHIBIT A TO
TRADEMARK SECURITY AGREEMENT

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the undersigned hereby grants, assigns, transfers, conveys, and sets over to _____ its entire right, title, and interest in and to the Trademarks listed on Schedule A hereto and to all goodwill of the Grantor or its business, products, and services appurtenant to, associated with or symbolized by the Trademarks and/or the use thereof.

SUMMIT CARE CORPORATION

By: _____

Name:

Title:

Date:

STATE:

COUNTY: _____, 200_

Then personally appeared the above named _____ and stated that _____ is a duly authorized _____ of Summit Care Corporation (the "Corporation") and acknowledged the foregoing instrument to be _____ free act and deed, and the free act and deed of said Corporation, before me.

Notary Public:

My Commission Expires:

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MICHAEL A. HILL
PARALEGAL

Direct Dial: 617-856-8423
E-Mail: mhill@brbilaw.com

[Http://www.brownrudnick.com](http://www.brownrudnick.com)

September 5, 2003

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mail Stop Assignment Recordation Services
Director of the US Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Re: Summit Care Corporation - Trademark Collateral Security Agreement

Dear Sir/Madam:

Please find enclosed the following documents:

1. An originally executed Trademark Recordation Form Cover Sheet with a continuation sheet for Box 4.B.; and
2. An executed Trademark Security Agreement (copy).

To satisfy the PTO's administrative fees for recording the Trademark Security Agreement against the trademarks listed in continuation sheet (Schedule A) to the Recordation Cover Sheet, I have further enclosed a check in the amount of \$165.00.

Thank you for your assistance in this matter. Please call me if you have any questions or comments.

Very truly yours,

BROWN RUDNICK BERLACK ISRAELS LLP

By: Michael Hill
Michael A. Hill, Paralegal

Enclosures

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One Financial Center
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www.brownrudnick.com

Dublin | Hartford | London | New York | Providence

RECORDED: 09/06/2003

TRADEMARK
REEL: 002821 FRAME: 0542