

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 2000 Commission File No. 1-8923

HEALTH CARE REIT, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	34-1096634
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One SeaGate, Suite 1500, Toledo, Ohio	43604
(Address of principal executive office)	(Zip Code)

(419) 247-2800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common Stock, \$1.00 par value	New York Stock Exchange
8.875% Series B Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months; and (2) has been subject to such filing requirements for the past 90 days.

Yes	X	No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. []

The aggregate market value of voting common stock held by non-affiliates of the Registrant on March 21, 2001 was \$582,928,000 based on the reported closing sales price of such shares on the New York Stock Exchange for that date. As of March 21, 2001, there were 28,879,061 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the annual shareholders' meeting to be held May 3, 2001, are incorporated by reference into Part III.

HEALTH CARE REIT, INC.
2000 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

GENERAL

Health Care REIT, Inc. (the "Company") is a self-administered real estate investment trust that invests in health care facilities, primarily nursing homes and assisted living facilities. The Company also invests in specialty care facilities. As of December 31, 2000, long-term care facilities, which include nursing homes and assisted living facilities, comprised approximately 92% of the investment portfolio. Founded in 1970, the Company was the first real estate investment trust to invest exclusively in health care facilities.

As of December 31, 2000, the Company had \$1,139,225,000 of real estate investments, inclusive of credit enhancements, in 205 facilities located in 34

states and managed by 38 different operators. At that date, the portfolio included 150 assisted living facilities, 47 nursing homes, six specialty care facilities, and two behavioral care facilities. At December 31, 2000, the Company had approximately \$14,663,000 in unfunded commitments.

The Company's primary objectives are to protect shareholders' capital and enhance shareholder value. The Company seeks to pay consistent cash dividends to shareholders and create opportunities to increase dividend payments from annual increases in rental and interest income and portfolio growth. To meet these objectives, the Company invests primarily in long-term care facilities managed by experienced operators and diversifies its investment portfolio by operator and geographic location.

The Company anticipates investing in additional health care facilities through operating lease arrangements with, and mortgage financings for, qualified health care operators. Capital for future investments may be provided by borrowing under the Company's revolving credit facilities, public offerings or private placements of debt or equity, and the assumption of secured indebtedness.

PORTFOLIO OF PROPERTIES

The following table reflects the diversification of the Company's portfolio as of December 31, 2000:

Type of Facility	Investments (1) --- (In thousands)	Percentage of Portfolio -----	Number of Facilities -----	Number of Beds/Units -----	Investment Per Bed/Unit (2) -----	Number of Operators (3) -----	Number of States (3) -----
Assisted Living Facilities	\$ 749,333	66%	150	10,150	\$75,271	23	29
Nursing Homes	299,365	26%	47	6,625	45,187	15	14
Specialty Care Facilities	82,918	7%	6	708	117,186	3	5
Behavioral Care Facilities	7,609	1%	2	294	25,881	1	1
Totals	\$1,139,225 -----	100% -----	205 ---	17,777 -----			

(1) Investments include real estate investments and credit enhancements which amounted to \$1,127,280,000 and \$11,945,000, respectively.

(2) Investment Per Bed/Unit was computed by using the total investment amount of \$1,153,888,000 which includes real estate investments, unfunded commitments for which initial funding has commenced, and credit enhancements which total \$1,127,280,000, \$14,663,000 and \$11,945,000, respectively.

(3) The Company has investments in properties located in 34 states, managed by 38 different operators.

Nursing Homes

Skilled nursing facilities provide inpatient skilled nursing and custodial services as well as rehabilitative, restorative and transitional medical services. In some instances, nursing facilities supplement hospital care by providing specialized care for medically complex patients whose conditions require intense medical and therapeutic services, but who are medically stable enough to have these services provided in facilities that are less expensive

than acute care hospitals.

Assisted Living Facilities

Assisted living facilities provide services to aid in everyday living, such as bathing, meals, security, transportation, recreation, medication supervision and limited therapeutic programs. More intensive medical needs of the resident are often met within assisted living facilities by home health providers, close coordination with the resident's physician and skilled nursing facilities. Assisted living facilities represent lower cost, less institutional alternatives for the health problems of the elderly or medically frail.

Specialty Care Facilities

Specialty care facilities provide specialized inpatient services for specific illnesses or diseases, including, among others, coronary and cardiovascular services. Specialty care facilities are lower cost alternatives to acute care hospitals.

Behavioral Care Facilities

Behavioral care facilities offer comprehensive inpatient and outpatient psychiatric treatment programs. Programs are tailored to the individual and include individual, group and family therapy.

INVESTMENTS

The Company invests in income producing health care facilities with a primary focus on long-term care facilities, which include skilled nursing facilities and assisted living facilities. The Company also invests in specialty care facilities. The Company intends to continue to diversify its investment portfolio by operator and geographic location.

In determining whether to finance a facility, the Company focuses on: (a) the experience of the operator; (b) the financial and operational feasibility of the property; (c) the financial strength of the borrower or lessee; (d) the security available to support the financing; and (e) the amount of capital committed to the property by the borrower or lessee. Management conducts market research and analysis for all potential investments. In addition, Management reviews the value of all properties, the interest rates and debt service coverage requirements of any debt to be assumed and the anticipated sources for repayment for such debt.

The Company's investments primarily take the form of operating lease transactions and permanent mortgage loans. Construction financing is provided, but only as a part of a permanent operating lease or mortgage financing. Substantially all of the Company's investments are designed with escalating rate structures. The Company's policy is to structure long term financings to maximize returns. Depending upon market conditions, the Company believes that appropriate new investments will be available in the future with substantially the same spreads over its costs of borrowing.

Operating leases and mortgage loans are normally secured by guarantees and/or letters of credit. As of December 31, 2000, letters of credit from commercial banks and cash deposits aggregating \$30,767,000 were available to the Company as security for operating lease and mortgage loan obligations. In addition, the leases and loans are generally cross-defaulted and the loans are cross-collateralized with any other mortgage loans, leases, or other agreements between the operator or any affiliate of the operator and the Company.

The Company typically finances up to 90% of the appraised value of a property. Economic terms normally include annual rate increases and fair market value based purchase options in operating leases, and may include contingent interest for mortgage loans.

The Company monitors its investments through a variety of methods, which are determined by the type of health care facility and operator. The monitoring process includes a review and analysis of facility, borrower or lessee, and

guarantor financial statements; periodic site visits; property reviews; and meetings with operators. Such reviews of operators and facilities generally encompass licensure and regulatory compliance materials and reports, contemplated building improvements and other material developments.

For certain investments, the Company receives warrants or other similar equity instruments that provide the Company with an opportunity to share in an operator's enterprise value. As of December 31, 2000, the Company had warrants from 14 operators to purchase their common stock or partnership interest. None of the warrants are publicly traded.

In connection with investments in two operators, the Company also received warrants that were converted into shares of common stock. As of December 31, 2000, those shares of common stock were recorded on the Company's balance sheet at a value of \$130,000.

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Operating Leases

Each facility, which includes the land, buildings, improvements and related rights (the "Leased Properties") owned by the Company is leased to a health care provider pursuant to a long-term lease (collectively, the "Leases"). The Leases generally have a fixed term of 10 to 15 years and contain multiple five to 10-year renewal options. Each Lease is a triple net lease requiring the lessee to pay rent and all additional charges incurred in the operation of the Leased Property. The lessees are required to repair, rebuild and maintain the Leased Properties.

The net value of the Company's completed leased properties aggregated approximately \$792,011,000 at December 31, 2000. The base rents range from approximately 8.0% to 16.1% per annum of the Company's net book value in the leased properties. The rental yield to the Company from Leases depends upon a number of factors including the initial rent charged, any rental adjustments and the amount of the commitment fee charged at the inception of the transaction. The base rents for the renewal periods are generally fixed rents set at a spread above the Treasury yield for the corresponding period.

Permanent Mortgage Loans

The Company's investments in permanent mortgage loans are structured to provide the Company with interest income, principal amortization and commitment fees. Virtually all of the approximately \$301,321,000 of permanent mortgage loans as of December 31, 2000, were first mortgage loans.

The interest rate on the Company's investments in permanent mortgage loans for operating facilities ranges from 8.7% to 14.6% per annum on the outstanding balances. The yield to the Company on permanent mortgage loans depends upon a number of factors, including the stated interest rate, average principal amount outstanding during the term of the loan, the amount of the commitment fee charged at the inception of the loan and any interest rate adjustments.

The permanent mortgage loans for operating facilities made through December 31, 2000, are generally subject to seven to 10-year terms with 25-year amortization schedules that provide for a balloon payment of the outstanding principal balance at the end of the term. Generally, the permanent mortgage loans provide five to seven years of prepayment protection.

Construction Financing

The Company provides construction financing that by its terms converts either into a long-term operating lease or mortgage loan upon the completion of the facility. Generally, the rates on the outstanding balances of the Company's construction financings are 225 to 350 basis points over the prime rate of a specified financial institution. The Company also typically charges a commitment

fee at the commencement of the financing. The construction financing period commences upon funding and terminates upon the earlier of the completion of development of the applicable facility or the end of a specified period, generally 12 to 18 months. During the term of the construction financing, funds are advanced pursuant to draw requests made by the operator in accordance with the terms and conditions of the applicable financing agreement, which terms require, among other things, a site visit by a Company representative prior to the advancement of funds. Monthly payments are made on the total amount of the proceeds advanced during the development period.

During the construction financing period, the Company generally requires additional security and collateral in the form of either payment and performance bonds and/or completion guarantees by either one, or a combination of, the operator's parent entity, other affiliates of the operator, or one or more of the individual principals of the operator.

At December 31, 2000, the Company had outstanding construction financings of \$16,028,000 (\$11,976,000 leased properties and \$4,052,000 mortgage loans) and was committed to providing additional financing of approximately \$14,663,000 to complete construction.

Subdebt Investments

Subdebt investments represent debt instruments in operators of facilities that have been financed by the Company. Generally, these instruments are for five to seven-year terms with interest at 11% to 15%. At December 31, 2000, the Company had provided subdebt financing to six operators.

Equity Investments

Management determines the appropriate classification of an equity investment at the time of acquisition and reevaluates such designation as of each balance sheet date. At December 31, 2000, equity investments included the common stock of a corporation, and ownership representing a 31% interest in Atlantic Healthcare Finance L.P., a property investment group that specializes in the financing, through sale and leaseback transactions, of nursing homes located in the United Kingdom and continental Europe.

BORROWING POLICIES

The Company may arrange for long-term borrowing from banks, private placements to institutional investors, or public offerings. For other short-term purposes, the Company may, from time to time, negotiate lines of credit, or arrange for other short-term borrowing from banks or others.

In addition, the Company may incur mortgage indebtedness on real estate that it has acquired through purchase, foreclosure or otherwise. When terms are deemed favorable, the Company may invest in properties subject to existing loans and mortgages. In addition, the Company may obtain financing for unleveraged properties in which it has invested or may refinance properties acquired on a leveraged basis.

Under documents pertaining to existing indebtedness, the Company is subject to various restrictions with respect to secured and unsecured indebtedness.

ALLOWANCE FOR LOAN LOSSES

The Company maintains an allowance for possible loan losses that is evaluated quarterly to determine its adequacy. See Notes 1 and 5 of Notes to Financial Statements. At December 31, 2000, the total allowance of \$5,861,000 was not allocated to any specific properties. The Company believes that its allowance is adequate.

COMPETITION

The Company competes with other real estate investment trusts, real estate partnerships, banks, insurance companies and other investors in the acquisition, leasing and financing of health care facilities.

The operators of the facilities compete on a local and regional basis with operators of facilities that provide comparable services. Operators compete for patients and residents based on a number of factors, including quality of care, reputation, physical appearance of facilities, services offered, family preferences, physicians, staff and price.

EMPLOYEES

As of December 31, 2000, the Company employed 22 full-time employees.

CERTAIN GOVERNMENT REGULATIONS

The Company invests in assisted living facilities (approximately two-third of investments), nursing facilities (approximately one-quarter of investments) and hospitals. All of these are single purpose health care facilities. The Company's customers must comply with the licensing requirements of federal, state and local health agencies, and with the requirements of municipal building codes, health codes, and local fire departments. In granting and renewing a facility's license, the state health agency considers, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and clinical staffs, the quality of health care programs and compliance with applicable laws.

The remainder of the discussion in this section relates to only nursing facilities and hospitals. Nursing facilities and hospitals receive a substantial portion of their revenues from the federal Medicare program and state Medicaid programs; therefore, the Company's revenues may be indirectly affected by changes in these programs. The amount of program payments can be changed by legislative or regulatory actions and by determinations by agents for the programs. Since Medicaid programs are funded by both the states and the federal government, the amount of payments can be affected by changes at either the state or federal level. There is no assurance that payments under these programs will remain at levels comparable to present levels or be sufficient to cover costs allocable to these patients.

Under Medicare and Medicaid programs, acute care hospitals are generally paid a fixed amount per discharge (based on the patient's diagnosis) for inpatient services. Behavioral and rehabilitation hospitals are generally paid on a cost basis, subject to limitations based on a "target amount" per discharge. The target amount is based on updates to the facility's costs per discharge in a base year. Medicare payment rules for such hospitals were changed effective October 1, 1997, to further limit reimbursable costs, reduce payment incentives for providers whose costs are below the target amount, and reduce capital-related payments by 15%. The target amount for any facility is now capped at the 75th percentile of the target amounts for facilities of the same type. For new facilities, the target is 110% of the median costs per discharge of similar hospitals. In addition, the target amount update is set at 0% for federal fiscal 1998. Depending on how the facility's costs per discharge compare to its target amount, increases thereafter range from 0% to the "market basket" percentage reflecting the inflation rate for costs of items purchased by similar facilities.

In addition, payments to rehabilitation hospitals and units will be based on

fixed rates per discharge that vary according to the nature of the patient's condition. The new system is being phased in over three years beginning with the cost reporting year commencing after October 1, 2000.

Medicare and Medicaid programs have traditionally reimbursed nursing facilities for the reasonable direct and indirect allowable costs incurred in providing routine services (as defined by the programs), subject to certain cost ceilings. In 1998, the Medicare cost-based reimbursement system was replaced by a federal per diem rate based on the patient's condition, to be phased in over three years. New facilities were immediately paid based on the federal rate. The new per diem rate is the sole payment for both direct nursing care ("Part A services") and ancillary services that were previously billed separately from the cost-based reimbursement system ("Part B services"). Capital costs are also included in the per diem rate. Many states have also converted to a system based on prospectively determined fixed rates, which may be based in part on historical costs. The operations of long-term care companies have been negatively impacted by these changes in reimbursement, among other factors. Some of these companies have filed for bankruptcy protection. In 1999 and the first half of 2000, approximately 11% of nursing facilities in the United States filed for bankruptcy protection. A reduction in revenues could result in bankruptcy filings by significant customers of the Company. Furthermore, any failure by these customers to effectively conduct their operations could have a material adverse effect on their business reputation or on their ability to enlist and maintain patients in their facilities.

On December 21, 2000, the President signed legislation that provides additional payments for certain Medicare providers. The estimated increase in payments to skilled nursing facilities is \$1.6 billion over 5 years.

Until 1997, state Medicaid programs were required to pay hospitals and nursing facilities based on rates that were reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated facilities in order to provide services in conformity with federal and state standards and to assure reasonable access to patients. This law restricted the ability of the states to reduce Medicaid payments. Congress repealed this requirement in 1997. Under the new law, states need only publish the methodology used to develop the proposed rates, along with a justification for the methodology, and allow public comment. This change could result in reduced Medicaid payments to facilities operated by the Company's customers.

Medicare and Medicaid regulations could adversely affect the resale value of the Company's health care facilities. Medicare regulations provide that effective December 1, 1997, when a facility changes ownership (by sale or under certain lease transactions), reimbursement for depreciation and interest will be based on the cost to the owner of record as of August 5, 1997, less depreciation allowed. Previously, the buyer would use its cost of purchase up to the original owner's historical cost before depreciation. Medicaid regulations allow a limited increase in the valuation of nursing facilities (but not hospitals) during the time the seller owned the facility. Other Medicaid regulations provide that upon resale, facilities are responsible to pay back prior depreciation reimbursement payments that are "recaptured" as a result of the sale.

Recent interpretations of the Medicare laws limit the ability of hospitals and nursing facilities to be reimbursed for interest costs that are deemed to be unnecessary because the facilities have other funds derived from patient care activities that were put to other uses (such as investments) or transferred to related parties. This could reduce reimbursement to Company customers for interest on loans from the Company.

Health care facilities that participate in Medicare or Medicaid must meet extensive program requirements, including physical plant and operational requirements, which are revised from time to time. Such requirements may include a duty to admit Medicare and Medicaid patients, limiting the ability of the facility to increase its private pay census beyond certain limits. Medicare and Medicaid facilities are regularly inspected to determine compliance, and may be excluded from the programs--in some cases without a prior hearing--for failure to meet program requirements.

Under the Medicare program, "peer review organizations" have been established to review the quality and appropriateness of care rendered by health care providers. These organizations may not only deny claims that fail to meet their criteria, but can also fine and/or recommend termination of participation in the program.

Changes in the Medicare and Medicaid programs will likely result in increased use of "managed care" organizations to meet the needs of program beneficiaries. These organizations selectively contract with health care facilities, resulting in some facilities being excluded from the ability to serve program beneficiaries.

Health care facilities also receive a substantial portion of their revenues from private insurance carriers, health maintenance organizations, preferred provider organizations, self-insured employees and other health benefit payment arrangements. Such payment sources increasingly pay facilities under contractual arrangements that include a limited panel of providers and/or discounted or other special payment arrangements, including arrangements that shift the risk of high utilization to the providers. A number of states have established rate-setting agencies that control inpatient health care facility rates, including private pay rates.

Recent federal legislation substantially expanded activities to enforce laws against fraud and abuse in federally funded health care programs. These laws prohibit misrepresentations in billings and cost reports, payments to parties who influence purchases or referrals of covered services, and provision of unnecessary services.

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In order to meet a federal requirement, most states required providers to obtain certificates of need prior to construction of inpatient facilities and certain outpatient facilities. However, in 1987, the federal requirement was repealed. Some states have repealed these requirements, which may result in increased competition, and other states are considering similar repeals.

Nursing facilities compete with other sub-acute care providers, including rehabilitation centers and hospitals. Many of these providers have underutilized facilities and are converting some or all of their facilities into nursing facilities. Some of these entities operate on a tax-exempt basis, which gives them a capital cost advantage. Furthermore, some states have granted rest homes the ability to provide limited nursing care services.

Certain states have adopted pre-admission screening and other programs to promote utilization of outpatient and home-based services as an alternative to inpatient facility services. Recent changes in Medicaid regulations allow states to use Medicaid funding for alternatives to traditional inpatient care, including home health care and assisted living facilities.

TAXATION

General

A corporation, trust or association meeting certain requirements may elect to be treated as a "real estate investment trust." Beginning with its first fiscal year and in all subsequent years, the Company has elected to be treated as a real estate investment trust under Sections 856 to 860, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"). The Company intends to operate in such manner as to continue to qualify as a real estate investment trust for federal income tax purposes. No assurance can be given that the actual results of the Company's operations for any one taxable year will satisfy such requirements.

To qualify as a real estate investment trust, the Company must satisfy a variety

of complex requirements each year, including organizational and stock ownership tests and percentage tests relating to the sources of its gross income, the nature of its assets and the distribution of its income.

Generally, for each taxable year during which the Company qualifies as a real estate investment trust, it will not be taxed on the portion of its taxable income (including capital gains) that is distributed to shareholders. Any undistributed income or gains will be taxed to the Company at regular corporate tax rates. Any undistributed net long-term capital gains taxed to the Company will be treated as having been distributed to the shareholders and will be included by them in determining the amount of their capital gains. The tax paid by the Company on those gains will be allocated among the shareholders and may be claimed as a credit on their tax returns. The shareholders will receive an increase in the basis of their shares in the Company equal to the difference between the capital gain income and the tax credit allocated to them. The Company will be subject to tax at the highest corporate rate on its net income from foreclosure property, regardless of the amount of its distributions. The highest corporate tax rate is currently 35%. The Company may elect to treat any real property it acquires by foreclosure as foreclosure property. This would permit the Company to hold such property until the end of the third taxable year following the year of acquisition without adverse consequences. With the consent of the Treasury Department, this period can be extended for up to three additional taxable years. Subject to certain limitations, the Company will also be subject to an additional tax equal to 100% of the net income, if any, derived from prohibited transactions. A prohibited transaction is defined as a sale or disposition of inventory-type property or property held by the Company primarily for sale to customers in the ordinary course of its trade or business, which is not property acquired on foreclosure.

The Company is subject to a nondeductible federal excise tax equal to 4% of the amount, if any, by which 85% of its ordinary income plus 95% of its capital gain net income (plus distribution deficiencies from prior years) exceeds distributions actually paid or treated as paid to shareholders during the taxable year, plus current year income upon which the Company pays tax and any overdistribution from prior years. Primarily as a result of large capital gains from the exercise of purchase options under leases, the Company did not satisfy this requirement in 1998 and incurred an excise tax of approximately \$315,000 in that year. This requirement was met for 1999 and 2000.

Failure To Qualify

While the Company intends to operate so as to qualify as a real estate investment trust under the Code, if in any taxable year the Company fails to qualify, and certain relief provisions do not apply, its taxable income would be subject to tax (including alternative minimum tax) at corporate rates. If that occurred, the Company might have to dispose of a significant amount of its assets or incur a significant amount of debt in order to pay the resulting federal income tax. Further distributions to its stockholders would not be deductible by the Company nor would they be required to be made.

Distributions out of the Company's current or accumulated earnings and profits would be taxable to stockholders as dividends and would be eligible for the dividends received deduction for corporations. No portion of any distributions would be eligible for designation as a capital gain dividend. Further, the Company would be unable to pass through its undistributed capital gains and the related tax paid by the Company.

Unless entitled to relief under specific statutory provisions, the Company also would be disqualified from taxation as a real estate investment trust for the four taxable years following the year during which qualification was lost.

The Tax Relief Extension Act of 1999 included several modifications to the provisions of the Code governing the taxation of real estate investment trusts. Effective for tax years beginning after December 31, 2000, a REIT may not own more than ten percent of the outstanding voting securities of any issuer or more than ten percent of the total value of the outstanding securities of any issuer. Certain types of securities are not subject to these limitations and the limitations do not apply to certain securities owned on or before July 12, 1999. The revised asset limitation test must be satisfied at the end of each calendar quarter. The Company is currently in the process of reviewing its investment portfolio for compliance with these new standards. If it is determined that certain investments of the Company do not satisfy these tests, the terms of those investments will be restructured so that they do comply or a sufficient portion of those investments will be disposed of prior to March 31, 2001 to enable the Company to continue complying with the asset limitation tests.

The foregoing is only a summary of some of the significant federal income tax considerations affecting the Company and is qualified in its entirety by reference to the applicable provisions of the Code, the rules and regulations promulgated thereunder, and the administrative and judicial interpretations thereof. Stockholders of the Company are urged to consult their own tax advisors as to the effects of these rules and regulations on them. In particular, foreign stockholders should consult with their tax advisors concerning the tax consequences of ownership of shares in the Company, including the possibility that distributions with respect to the shares will be subject to federal income tax withholding.

SUBSIDIARIES AND AFFILIATES

The Company has formed subsidiaries in connection with its real estate transactions. As of December 31, 2000, the Company's wholly-owned subsidiaries consisted of the following entities:

NAME OF SUBSIDIARY -----	STATE OF ORGANIZATION AND TYPE OF ENTITY -----	DATE OF ORGANIZATION -----
HCRI Pennsylvania Properties, Inc.	Pennsylvania corporation	November 1, 1993
HCRI Overlook Green, Inc.	Pennsylvania corporation	July 9, 1996
HCRI Texas Properties, Inc.	Delaware corporation	December 27, 1996
HCRI Texas Properties, Ltd.	Texas limited partnership	December 30, 1996
Health Care REIT International, Inc.	Delaware corporation	February 11, 1998
HCN Atlantic GP, Inc.	Delaware corporation	February 20, 1998
HCN Atlantic LP, Inc.	Delaware corporation	February 20, 1998
HCRI Nevada Properties, Inc.	Nevada corporation	March 27, 1998
HCRI Southern Investments I, Inc.	Delaware corporation	June 11, 1998
HCRI Louisiana Properties, L.P.	Delaware limited partnership	June 11, 1998
HCN BCC Holdings, Inc.	Delaware corporation	September 25, 1998
HCRI Tennessee Properties, Inc.	Delaware corporation	September 25, 1998
HCRI Limited Holdings, Inc.	Delaware corporation	September 25, 1998
Pennsylvania BCC Properties, Inc.	Pennsylvania corporation	September 25, 1998
HCRI North Carolina Properties, LLC	Delaware limited liability company	December 10, 1999
HCRI Massachusetts Properties, Inc.	Delaware corporation	March 17, 2000
HCRI Massachusetts Properties Trust	Massachusetts trust	March 30, 2000
HCRI Indiana Properties, Inc.	Delaware corporation	June 15, 2000
HCRI Indiana Properties, LLC	Indiana limited liability company	June 16, 2000
HCRI Holdings Trust	Massachusetts trust	September 9, 2000

ITEM 2. PROPERTIES

The Company's headquarters are currently located at One SeaGate, Suite 1500, Toledo, Ohio 43604. The following table sets forth certain information regarding

the facilities that comprise the Company's investments as of December 31, 2000:

Facility Location	Number of Facilities	Number of Beds/Units	(In thousands)	
			Total Investment (1)	Annualized Income (2)
SKILLED NURSING FACILITIES:				
Arizona.....	1	163	\$ 3,827	\$ 413
California.....	1	122	5,019	620
Colorado.....	1	180	5,915	638
Florida.....	8	958	56,980	6,573
Idaho.....	3	393	21,073	2,253
Illinois.....	2	212	13,847	1,688
Kentucky.....	1	92	4,122	536
Massachusetts.....	13	1,926	108,766	11,091
Missouri.....	1	98	6,847	771
Ohio.....	2	219	8,410	1,004
Oklahoma.....	2	575	17,940	1,795
Oregon.....	1	101	5,187	558
Pennsylvania.....	4	464	23,034	3,058
Texas.....	7	1,122	18,397	2,385
Total.....	47	6,625	299,364	33,383
ASSISTED LIVING FACILITIES:				
Alabama.....	2	149	\$ 10,498	\$ 997
Arizona.....	4	464	26,446	2,766
California.....	7	341	26,764	3,080
Colorado.....	1	50	3,890	369
Connecticut.....	1	62	10,364	884
Florida.....	18	896	73,222	7,900
Georgia.....	4	361	36,389	4,133
Illinois.....	2	321	9,682	148
Indiana.....	9	462	42,545	5,208
Louisiana.....	2	209	21,016	2,397
Maryland.....	5	431	21,890	2,440
Massachusetts.....	1	130	10,553	1,210
Minnesota.....	1	78	6,354	724
Montana.....	2	104	9,605	1,173
Nevada.....	3	294	27,990	3,305
New Jersey.....	2	400	26,539	3,162
New Mexico.....	2	158	7,554	871
New York.....	6	723	61,639	6,813
North Carolina.....	9	581	57,729	6,774
Ohio.....	8	664	43,600	5,224
Oklahoma.....	17	586	24,772	3,137
Oregon.....	2	70	9,424	1,102
Pennsylvania.....	4	237	19,933	2,431
South Carolina.....	5	230	20,531	2,377
Tennessee.....	4	194	14,950	1,778
Texas.....	26	1,788	106,792	12,190
Utah.....	1	57	7,764	849
Virginia.....	1	64	2,345	258
Washington.....	1	46	8,554	940
Total.....	150	10,150	749,334	84,640
SPECIALTY CARE FACILITIES:				
Arkansas.....	1	84	\$ 28,646	\$ 3,495
California.....	2	416	31,328	4,018
Minnesota.....	1	0	99	12
Texas.....	1	60	13,371	1,480
Washington D.C.....	1	148	9,474	1,185
Total.....	6	708	82,918	10,190
BEHAVIORAL CARE FACILITIES:				
Florida.....	2	294	\$ 7,609	\$ 799
TOTAL ALL FACILITIES:.....	205	17,777	\$1,139,225	\$129,012

-
- (1) Investments include real estate investments and credit enhancements which amounted to \$1,127,280,000 and \$11,945,000, respectively.
 - (2) Reflects contract rate of annual base rent or interest recognized or to be recognized upon completion of construction.

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ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table sets forth, for the periods indicated, the high and low prices of the Company's Common Stock on the New York Stock Exchange, as reported on the Composite Tape and dividends paid per share. There were 4,944 shareholders of record as of December 31, 2000.

	SALES PRICE		DIVIDENDS
	HIGH	LOW	PAID
2000			
First Quarter.....	\$17.4375	\$14.7500	\$.580
Second Quarter.....	16.7500	13.8125	.585
Third Quarter.....	19.2500	16.1875	.585
Fourth Quarter.....	18.2500	15.9400	.585
1999			
First Quarter.....	\$26.6250	\$21.1875	\$.560
Second Quarter.....	25.6250	20.7500	.565
Third Quarter.....	23.8750	19.3125	.570
Fourth Quarter.....	20.0000	14.6875	.575

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 2000, are derived from the audited consolidated financial statements of the Company.

Year Ended December 31,

(In thousands, except per share data)

	2000	1999	1998	1997	1996
OPERATING DATA					
Revenues	\$136,954	\$129,307	\$ 97,992	\$ 73,308	\$ 54,402
Expenses:					
Interest expense	34,622	26,916	18,030	15,365	14,635
Provision for depreciation	22,706	17,885	10,254	5,287	2,427
General and administrative and other expenses (1)	9,570	8,868	7,399	6,178	5,856
Loss on investment	2,000	808			
Total expenses	68,898	53,669	35,683	26,830	23,726
Net income	68,056	75,638	62,309	46,478	30,676
Preferred stock dividends	13,490	12,814	4,160		
Net income available to common shareholders	\$ 54,566	\$ 62,824	\$ 58,149	\$ 46,478	\$ 30,676
OTHER DATA					
Average number of common shares outstanding:					
Basic	28,418	28,128	25,579	21,594	14,093
Diluted	28,643	28,384	25,954	21,929	14,150
PER SHARE					
Net income available to common shareholders:					
Basic	\$ 1.92	\$ 2.23	\$ 2.27	\$ 2.15	\$ 2.18
Diluted	1.91	2.21	2.24	2.12	2.17
Cash distributions per common share	2.335	2.27	2.19	2.08	2.11

	2000	1999	1998	1997	1996
(In thousands)					
BALANCE SHEET DATA					
Real estate investments, net.....	\$1,121,419	\$1,241,722	\$1,047,511	\$716,193	\$512,894
Total assets.....	1,156,904	1,271,171	1,073,424	734,327	519,831
Total debt.....	439,752	538,842	418,979	249,070	184,395
Total liabilities.....	458,297	564,175	439,665	264,403	194,295
Total shareholders' equity.....	698,607	706,996	633,759	469,924	325,536

(1) General and administrative and other expenses include loan expense, provision for loan losses, and other operating expenses.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, the Company's net real estate investments totaled approximately \$1,121,419,000, which included 150 assisted living facilities, 47 nursing facilities, six specialty care facilities and two behavioral care facilities. Depending upon the availability and cost of external capital, the Company anticipates making additional investments in health care related facilities. New investments are funded from temporary borrowings under the Company's line of credit arrangements, internally generated cash and the proceeds derived from asset sales. Permanent financing for future investments, which replaces funds drawn under the line of credit arrangements, is expected to

be provided through a combination of private and public offerings of debt and equity securities, and the assumption of secured debt. The Company believes its liquidity and various sources of available capital are sufficient to fund operations, meet debt service and dividend requirements, and finance future investments.

During 2000, the underperformance of publicly owned nursing home and assisted living companies, combined with the much publicized shift in equity funds flow from income-oriented investments to high-growth opportunities, impaired the stock valuations in the health care REIT sector. The availability of external capital is limited and expensive, constraining new investment activity and earnings growth. The Company believes the restrictive capital environment will continue until the prospects for the long-term care industry improve.

In October 1999, the Company announced a \$200 million asset divestiture program. The limited asset dispositions were intended to strengthen the Company's portfolio and generate liquidity, enhancing the Company's balance sheet. During 2000, the Company received \$173 million as a result of the asset disposition program. Included in these dispositions were \$107 million of real property and \$66 million of mortgage loans, which generated \$1.7 million in gains and prepayment fees. These dispositions, along with cash flow from operations, provided the Company with the funds to pay \$35 million of maturing senior note obligations, reduce the outstanding balances under the revolving line of credit arrangements from \$177.5 million to \$119.9 million, and fund additional investments.

During 2000, the Company invested \$18,113,000 in real property, provided permanent mortgage and loan financings of \$5,199,000, made construction advances of \$33,957,000 and funded \$15,523,000 of subdebt investments. As of December 31, 2000, the Company had approximately \$14,663,000 in unfunded commitments.

During 2000, eight of the above-mentioned construction projects completed the construction phase of the Company's investment process and were converted to permanent real property investments, with an aggregate investment of \$61,840,000, and three construction loans converted to permanent mortgage loans with an aggregate investment balance of \$10,690,000.

As of December 31, 2000, the Company had shareholders' equity of \$698,607,000 and a total outstanding debt balance of \$439,752,000, which represents a debt to total capitalization ratio of .39 to 1.00.

As of December 31, 2000, the Company had an unsecured revolving line of credit expiring March 31, 2001, in the amount of \$175,000,000 bearing interest at the lender's prime rate or LIBOR plus 1.0%. In addition, the Company had an unsecured revolving line of credit in the amount of \$25,000,000 bearing interest at the lender's prime rate expiring April 30, 2001.

In January 2001, the Company extended its primary revolving line of credit through March 31, 2003. Under the terms of the extension, the total commitment was reduced from \$175 million to \$150 million and the effective interest rate was adjusted to the lender's prime rate or LIBOR plus 1.50%.

As of December 31, 2000, the Company has effective shelf registrations on file with the Securities and Exchange Commission under which the Company may issue up to \$380,319,000 of securities including debt, convertible debt, common and preferred stock. Depending upon market conditions, the Company anticipates issuing securities under such shelf registrations to invest in additional health care facilities and to repay borrowings under the Company's line of credit arrangements.

RESULTS OF OPERATIONS DECEMBER 31, 2000 VS. DECEMBER 31, 1999

Revenues were comprised of the following:

	Year ended		Change	
	Dec. 31, 2000	Dec. 31, 1999	\$	%
(in thousands)				
Rental income	\$ 88,312	\$ 72,700	\$ 15,612	21%
Interest income	41,064	48,076	(7,012)	-15%
Commitment fees and other income	5,837	6,263	(426)	-7%
Prepayment fees	57	1,565	(1,508)	-96%
Totals	\$135,270	\$128,604	\$ 6,666	5%

The Company generated increased rental income as a result of the completion of real property construction projects for which the Company began receiving rent and the purchase of properties previously financed by the Company. This offsets a reduction in interest income due to the repayment of mortgage loans and the purchase of properties previously financed by the Company.

Expenses were comprised of the following:

	Year ended		Change	
	Dec. 31, 2000	Dec. 31, 1999	\$	%
(in thousands)				
Interest expense	\$ 34,622	\$ 26,916	\$ 7,706	29%
Provision for depreciation	22,706	17,885	4,821	27%
Loss on investment	2,000	0	2,000	n/a
General and admin. expenses	7,405	7,359	46	1%
Loan expense	1,165	909	256	28%
Provision for losses	1,000	600	400	67%
Totals	\$ 68,898	\$ 53,669	\$15,229	28%

The increase in interest expense from 1999 to 2000 was due to higher average interest rates on the Company's line of credit and secured debt and a reduction in the amount of capitalized interest offsetting interest expense.

The Company capitalizes certain interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing. The Company's interest expense is reduced by the amount capitalized. Capitalized interest for the year ended December 31, 2000, totaled \$3,079,000, as compared with \$8,578,000 for the same period in 1999.

The provision for depreciation increased as a result of additional investment in properties owned directly by the Company.

In 2000, the Company restructured its investments with Summerville Health Care. As part of the restructuring agreement, Summerville agreed to permit the Company to re-lease 10 of its 11 facilities to new operators and repaid substantially all of the Company's subdebt investment. As part of Summerville's

recapitalization, the Company's \$2 million non-yielding preferred stock investment was substantially diluted. Accordingly, the Company wrote off its investment in 2000, resulting in a \$2 million charge.

Other items:

	Year ended		Change	
	Dec. 31, 2000	Dec. 31, 1999	\$	%
(in thousands)				
Other items:				
Gain on sales of properties	\$ 1,684	\$ 703	\$ 981	140%
Preferred dividends	13,490	12,814	676	5%

As a result of the various factors mentioned above, net income available to common shareholders was \$54,566,000, or \$1.91 per diluted share, for 2000 as compared with \$62,824,000, or \$2.21 per diluted share, for 1999.

RESULTS OF OPERATIONS DECEMBER 31, 1999 VS. DECEMBER 31, 1998

Revenues for the year ended December 31, 1999, were \$129,307,000 compared with \$97,992,000 for the year ended December 31, 1998, an increase of \$31,315,000 or 32%. Revenue growth resulted primarily from increased operating rent income of \$30,747,000, from additional real estate investments made during the past 12 to 15 months.

Expenses for the year ended December 31, 1999, totaled \$53,669,000, an increase of \$17,986,000 from expenses of \$35,683,000 for the year ended December 31, 1998. The increase in total expenses for the year ended December 31, 1999, was primarily related to an increase in interest expense, additional expense associated with the provision for depreciation, and an increase in general and administrative expenses.

Interest expense for the year ended December 31, 1999, was \$26,916,000 compared with \$18,030,000 for the year ended December 31, 1998. The increase in interest expense during 1999 was primarily due to the issuance in March 1999 of the Senior Unsecured Notes due 2006, the addition of \$60,000,000 borrowed under the Secured Credit Facility and higher average borrowings under the unsecured lines of credit during 1999, which were offset by the amount of capitalized interest recorded in 1999.

The Company capitalizes certain interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing. The Company's interest expense is reduced by the amount capitalized. Capitalized interest for the year ended December 31, 1999, totaled \$8,578,000, as compared with \$7,740,000 for the same period in 1998.

The provision for depreciation for the year ended December 31, 1999, totaled \$17,885,000, an increase of \$7,631,000 over the year ended 1998 as a result of additional real property investments.

General and administrative expenses for the year ended December 31, 1999, totaled \$7,359,000, as compared with \$6,114,000 for the year ended December 31, 1998. The expenses for the year ended December 31, 1999, were 5.69% of revenues as compared with 6.24% for the year ended December 31, 1998.

Dividend payments associated with the Company's outstanding preferred stock for the year ended December 31, 1999, totaled \$12,814,000, as compared with \$4,160,000 for 1998.

As a result of the various factors mentioned above, net income available for common shareholders for the year ended December 31, 1999, was \$62,824,000, or \$2.21 per share, as compared with \$58,149,000, or \$2.24 per share, for the year ended December 31, 1998.

IMPACT OF INFLATION

During the past three years, inflation has not significantly affected the earnings of the Company because of the moderate inflation rate. Additionally, earnings of the Company are primarily long-term investments with fixed interest rates. These investments are mainly financed with a combination of equity, senior notes and borrowings under the revolving lines of credit. During inflationary periods, which generally are accompanied by rising interest rates, the Company's ability to grow may be adversely affected because the yield on new investments may increase at a slower rate than new borrowing costs. Presuming the current inflation rate remains moderate and long-term interest rates do not increase significantly, the Company believes that inflation will not impact the availability of equity and debt financing.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various market risks, including the potential loss arising from adverse changes in interest rates. The Company seeks to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowings to the extent possible. The following section is presented to provide a discussion of the risks associated with potential fluctuations in interest rates.

The Company historically borrows on its revolving lines of credit to make acquisitions or to finance the construction of health care facilities. Then, as market conditions dictate, the Company will issue equity or long-term fixed rate debt to repay the borrowings under the revolving lines of credit.

A change in interest rates will not affect future earnings or cash flow on our fixed rate debt. Interest rate changes, however, will affect the fair value of such debt. A 1% increase in interest rates would result in a decrease in fair value of the Company's Senior Unsecured Notes by approximately \$9 million at December 31, 2000. Changes in the interest rate environment upon maturity of this fixed rate debt could have an affect on the future cash flows and earnings of the Company, depending on whether the debt is replaced with other fixed rate debt, with variable rate debt, with equity or by the sale of assets.

A change in interest rates will not affect the fair value of the Company's variable rate debt, including its unsecured and secured revolving credit arrangements. A 1% increase in interest rates related to this variable rate debt, and assuming no change in the outstanding balance at year-end, would result in increased annual interest expense of approximately \$1,839,000.

The Company is subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of such refinancing may not be as favorable as the terms of current indebtedness. The majority of the Company's borrowings were completed pursuant to indentures or contractual agreements which limit the amount of indebtedness the Company may incur. Accordingly, in the event that the Company is unable to raise additional equity or borrow money because of these limitations, the Company's ability to acquire additional properties may be limited.

At December 31, 2000, the Company's variable interest rate debt exceeded its variable interest rate assets, presenting an exposure to rising interest rates. The Company may or may not elect to use financial derivative instruments to hedge variable interest rate exposure. Such decisions are principally based on the Company's policy to match its variable rate investments with comparable borrowings, but is also based on the general trend in interest rates at the applicable dates and the Company's perception of future volatility of interest rates.

Potential Risks from Bankruptcies

The Company is exposed to the risk that its operators may not be able to meet the rent and interest payments due the Company, which may result in an operator bankruptcy or insolvency. Although the Company's operating lease agreements and loans provide the Company the right to terminate an investment, evict an operator, demand immediate repayment, and other remedies, the bankruptcy laws afford certain rights to a party that has filed for bankruptcy or reorganization. An operator in bankruptcy may be able to restrict the Company's ability to collect unpaid rent or interest, and collect interest during the bankruptcy proceeding.

The receipt of liquidation proceeds or the replacement of an operator that has defaulted on its lease or loan could be delayed by the approval process of any federal, state or local agency necessary for the transfer of the property or the replacement of the operator licensed to manage the facility. In addition, the Company may be required to fund certain expenses (e.g. real estate taxes and maintenance) to retain control of a property. In some instances the Company may take possession of a property, which may expose the Company to successor liabilities. Should such events occur, the Company's revenue and operating cash flow may be adversely affected.

OTHER INFORMATION

This document and supporting schedules may contain "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements (which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "should" or comparable terms or the negative thereof), involve known and unknown risks and uncertainties, which may cause the Company's actual results in the future to differ materially from expected results. These risks and uncertainties include, among others, competition in the financing of health care facilities, the availability and cost of capital, the ability of the Company's lessees and borrowers to make payments under their leases and loans, the ability of the Company to attract new operators for certain facilities, the amount of any additional investments, and regulatory and other changes in the health care sector, as described in the Company's filings with the Securities and Exchange Commission.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

REPORT OF INDEPENDENT AUDITORS

Shareholders and Directors
Health Care REIT, Inc.

We have audited the accompanying consolidated balance sheets of Health Care REIT, Inc. as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three

years in the period ended December 31, 2000. Our audits also included the financial statement schedules listed in the Index at Item 14 (a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Health Care REIT, Inc. at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Toledo, Ohio
January 12, 2001

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HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	000	1999

ASSETS	(IN THOUSANDS)	
Real estate investments:		
Real property owned		
Land	\$ 74,319	\$ 73,234
Buildings & improvements	770,660	730,337
Construction in progress	11,976	58,954
	-----	-----
	856,955	862,525
Less accumulated depreciation	(52,968)	(35,746)
	-----	-----
Total real property owned	803,987	826,779
Loans receivable		
Real property loans	301,321	401,019
Subdebt investments	21,972	19,511
	-----	-----
	1,127,280	1,247,309
Less allowance for loan losses	(5,861)	(5,587)

Net real estate investments	----- 1,121,419	----- 1,241,722
Other assets:		
Equity investments	5,450	6,713
Deferred loan expenses	2,939	3,311
Cash and cash equivalents	2,844	2,129
Receivables and other assets	24,252	17,296
	----- 35,485	----- 29,449
Total assets	\$ 1,156,904 =====	\$ 1,271,171 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit arrangements	\$ 119,900	\$ 177,500
Senior unsecured notes	255,000	290,000
Secured debt	64,852	71,342
Accrued expenses and other liabilities	18,545	25,333
	----- 458,297	----- 564,175
Total liabilities		
Shareholders' equity:		
Preferred Stock, \$1.00 par value:		
Authorized - 10,000,000 shares		
Issued and outstanding - 6,000,000 shares in 2000 and 1999 at liquidation preference	150,000	150,000
Common Stock, \$1.00 par value:		
Authorized - 75,000,000 shares		
Issued and outstanding - 28,806,151 shares in 2000 and 28,532,419 shares in 1999	28,806	28,532
Capital in excess of par value	528,138	524,204
Undistributed/(overdistributed) net income	(3,388)	8,883
Accumulated other comprehensive income	(744)	593
Unamortized restricted stock	(4,205)	(5,216)
	----- \$ 698,607	----- \$ 706,996
Total shareholders' equity		
Total liabilities and shareholders' equity	\$ 1,156,904 =====	\$ 1,271,171 =====

See accompanying notes

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HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
	-----	-----	-----
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Revenues:			
Rental income	\$ 88,312	\$ 72,700	\$ 41,953
Interest income	41,064	48,076	48,488
Commitment fees and other income	5,837	6,263	5,914
Prepayment fees	57	1,565	588
	----- \$ 135,270	----- \$ 168,604	----- \$ 97,943

	135,270	128,604	96,943
Expenses:			
Interest expense	34,622	26,916	18,030
Provision for depreciation	22,706	17,885	10,254
Loss on investment	2,000		
General and administrative	7,405	7,359	6,114
Loan expense	1,165	909	685
Provision for loan losses	1,000	600	600
	-----	-----	-----
	68,898	53,669	35,683
	-----	-----	-----
Income before gain on sale of properties	66,372	74,935	61,260
Gains on sale of properties	1,684	703	1,049
	-----	-----	-----
Net Income	68,056	75,638	62,309
Preferred stock dividends	13,490	12,814	4,160
	-----	-----	-----
Net income available to common shareholders	\$ 54,566	\$ 62,824	\$ 58,149
	=====	=====	=====
Average number of common shares outstanding:			
Basic	28,418	28,128	25,579
Diluted	28,643	28,384	25,954
Net income available to common shareholders per share:			
Basic	\$ 1.92	\$ 2.23	\$ 2.27
Diluted	\$ 1.91	\$ 2.21	\$ 2.24

See accompanying notes

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HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	PREFERRED STOCK	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	UNDISTRIBUTED/ (OVERDISTRIBUTED) NET INCOME	ACCUMULATED OTHER COMPREHENSIVE INCOME	UNAMORTIZED RESTRICTED STOCK	TOTAL
	-----	-----	-----	-----	-----	-----	-----
	(In thousands, except per share data)						
Balances at January 1, 1998	\$	\$24,341	\$435,603	\$ 8,841	\$4,671	\$(3,532)	\$469,924
Comprehensive income:							
Net income				62,309			62,309
Other comprehensive income:							
Unrealized loss on marketable securities					(565)		(565)
Foreign currency translation adjustment					(124)		(124)
Total comprehensive income							61,620
Proceeds from issuance of common stock from dividend reinvestment and stock incentive plans		440	9,986			(1,658)	8,768
Amortization of restricted stock grants						601	601
Proceeds from sale of common stock, net of expenses of \$4,599		3,459	77,893				81,352
Net proceeds from sale of preferred stock	75,000		(2,790)				72,210
Cash dividends:							
Common stock -- \$2.19 per share				(56,556)			(56,556)
Preferred stock -- \$1.39 per share				(4,160)			(4,160)
Balances at December 31, 1998	75,000	28,240	520,692	10,434	3,982	(4,589)	633,759
Comprehensive income:							
Net income				75,638			75,638
Other comprehensive income:							
Unrealized loss on marketable securities					(3,242)		(3,242)
Foreign currency translation adjustment					(147)		(147)
Total comprehensive income							72,249
Proceeds from issuance of common stock from dividend reinvestment and stock incentive plans		292	5,967			(1,707)	4,552
Amortization of restricted stock grants						1,080	1,080
Net proceeds from sale of preferred stock	75,000		(2,455)				72,545

Cash dividends:							
Common stock -- \$2.27 per share				(64,375)			(64,375)
Preferred stock, Series B--\$2.22 per share				(6,656)			(6,656)
Preferred stock, Series C--\$2.19 per share				(6,158)			(6,158)
Balances at December 31, 1999	150,000	28,532	524,204	8,883	593	(5,216)	706,996
Comprehensive income:							
Net income				68,056			68,056
Other comprehensive income:							
Unrealized loss on marketable securities					(733)		(733)
Foreign currency translation adjustment					(604)		(604)
Total comprehensive income							66,719
Proceeds from issuance of common stock							
from dividend reinvestment and stock incentive plans, net of forfeitures		274	3,934			(79)	4,129
Amortization of restricted stock grants						1,090	1,090
Net proceeds from sale of preferred stock							
Cash dividends:							
Common stock -- \$2.335 per share				(66,837)			(66,837)
Preferred stock, Series B--\$2.219 per share				(6,656)			(6,656)
Preferred stock, Series C--\$2.27 per share				(6,834)			(6,834)
BALANCES AT DECEMBER 31, 2000	\$150,000	\$28,806	\$528,138	\$ (3,388)	\$ (744)	\$ (4,205)	\$698,607

See accompanying notes

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HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	2000	1999	1998

	(IN THOUSANDS)		
OPERATING ACTIVITIES			
Net income	\$ 68,056	\$ 75,638	\$ 62,309
Adjustments to reconcile net income to net cash provided from operating activities:			
Provision for depreciation	22,961	18,106	10,348
Amortization	2,255	1,998	1,306
Provision for losses	1,000	600	600
Loss on investment	2,000		
Loan and commitment fees earned less than (greater than) cash received	(1,960)	(399)	1,222
Direct financing lease income less than cash received		65	292
Rental income in excess of cash received	(6,732)	(6,692)	(3,047)
Interest income less than (greater than) cash received	(318)	378	(380)
Increase (decrease) in accrued expenses and other liabilities	(4,827)	5,045	4,133
Decrease (increase) in receivables and other assets	264	1,394	(1,037)
Net cash provided from operating activities	82,699	96,133	75,746
INVESTING ACTIVITIES			
Investment in real property	(46,449)	(215,491)	(270,015)
Investment in loans receivable	(34,631)	(56,089)	(105,282)
Other investments, net of payments	(1,828)	(2,024)	(20,965)
Principal collected on loans	70,567	42,731	38,629
Proceeds from sale of properties	107,182	18,112	11,378
Other	(742)	(444)	(328)
Net cash provided by (used in) investing activities	94,099	(213,205)	(346,583)

FINANCING ACTIVITIES

Net increase (decrease) under line of credit arrangements	(57,600)	5,950	93,150
Borrowings under senior notes		50,000	100,000
Proceeds from issuance of Secured Debt		64,000	
Principal payments on other long-term obligations	(41,491)	(87)	(23,241)
Net proceeds from the issuance of Common Stock	4,129	4,552	90,120
Net proceeds from the issuance of Preferred Stock		72,545	72,210
Increase in deferred loan expense	(794)	(1,839)	(798)
Cash distributions to shareholders	(80,327)	(77,189)	(60,716)
	-----	-----	-----
Net cash provided from (used by) financing activities	(176,083)	117,932	270,725
	-----	-----	-----
Increase (decrease) in cash and cash equivalents	715	860	(112)
Cash and cash equivalents at beginning of year	2,129	1,269	1,381
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 2,844	\$ 2,129	\$ 1,269
	=====	=====	=====
Supplemental Cash Flow Information-interest paid	\$ 39,638	\$ 32,826	\$ 23,714
	=====	=====	=====

See accompanying notes

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Health Care REIT, Inc.
Notes to Consolidated Financial Statements

1. ACCOUNTING POLICIES AND RELATED MATTERS

INDUSTRY

The Company is a self-administered real estate investment trust that invests primarily in long-term care facilities, which include nursing homes and assisted living facilities. The Company also invests in specialty care facilities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after the elimination of all significant intercompany accounts and transactions.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LOANS RECEIVABLE

Loans receivable consist of long-term mortgage loans, construction-period loans maturing in two years or less, working capital loans and subdebt investments. Interest income on loans is recognized as earned based upon the principal amount outstanding. The mortgage, construction and working capital loans are primarily collateralized by a first mortgage on or assignment of partnership interest in the related facilities, which consist of nursing homes, assisted living facilities, behavioral care facilities, and specialty care hospitals. Subdebt

investments represent debt instruments to operators of facilities that have been financed by the Company. These obligations are generally secured by the operator's leasehold rights and corporate guaranties.

REAL PROPERTY INVESTMENTS

Substantially all of the properties owned by the Company are leased under operating leases and are recorded at cost. These properties are depreciated on a straight-line basis over their estimated useful lives. The carrying value of long-lived assets is reviewed quarterly on a property by property basis to determine if facts and circumstances suggest that the assets may be impaired or that the depreciable life may need to be changed. The Company considers external factors relating to each asset. If these external factors and the projected undiscounted cash flows of the asset over the remaining amortization period indicate that the asset will not be recoverable, the carrying value will be adjusted to the estimated fair value. The leases generally extend for a minimum 10-year period and provide for payment of all taxes, insurance and maintenance by the lessees. In general, operating lease income includes base rent payments plus fixed annual rent increases, which are recognized on a straight-line basis over the minimum lease period. This income is greater than the amount of cash received during the first half of the lease term.

CAPITALIZATION OF CONSTRUCTION PERIOD INTEREST

The Company capitalizes interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest, which approximates the Company's cost of financing.

The Company capitalized interest costs of \$3,079,000, \$8,578,000, and \$7,740,000, during 2000, 1999 and 1998, respectively, related to construction of real property owned by the Company. The Company's interest expense reflected in the statement of income has been reduced by the amounts capitalized.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at a level believed adequate to absorb potential losses in the Company's loans receivable. The determination of the allowance is based on a quarterly evaluation of these loans, including general economic conditions and estimated collectibility of loan payments.

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1. ACCOUNTING POLICIES AND RELATED MATTERS (CONTINUED)

DEFERRED LOAN EXPENSES

Deferred loan expenses are costs incurred by the Company in connection with the issuance of short-term and long-term debt. The Company amortizes these costs over the term of the debt using the straight-line method, which approximates the interest yield method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less.

EQUITY INVESTMENTS

Management determines the appropriate classification of an equity investment at the time of acquisition and reevaluates such designation as of each balance sheet date. Equity investments included the common stock of a corporation, valued at historical cost, and ownership representing a 31% interest in Atlantic

Healthcare Finance L.P., a property investment group that specializes in the financing, through sale and leaseback transactions, of nursing homes located in the United Kingdom and continental Europe. The ownership interest is accounted for under the equity method.

MARKETABLE SECURITIES

Marketable securities available for sale are stated at market value with unrealized gains and losses reported in a separate component of shareholders' equity. Marketable securities reflect the market value of the common stock of two publicly owned corporations, which were obtained by the Company at no cost.

LOAN AND COMMITMENT FEES

Loan and commitment fees are earned by the Company for its agreement to provide direct and standby financing to, and credit enhancement for, owners of health care facilities. The Company amortizes loan and commitment fees over the initial fixed term of the lease, the mortgage or the construction period related to such investments.

FEDERAL INCOME TAX

No provision has been made for federal income taxes since the Company has elected to be treated as a real estate investment trust under the applicable provisions of the Internal Revenue Code, and the Company believes that it has met the requirements for qualification as such for each taxable year. See Note 10.

NET INCOME PER SHARE

Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of shares for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the number of shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

COMPREHENSIVE INCOME

Comprehensive income includes unrealized gains or losses on the Company's marketable securities and foreign currency translation adjustments. These items are included as a component of shareholders' equity.

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities," which is effective January 1, 2001. Under the Statement, all financial instruments meeting the definition of a derivative will be carried at fair value. The Company currently has no derivative instruments nor has engaged in any hedging activities that would require a change in accounting.

RECLASSIFICATIONS

Certain amounts in the 1999 financial statements have been reclassified to conform to the 2000 presentation. These reclassifications had no effect on net income, total assets, or shareholders' equity.

The following is a summary of loans receivable (in thousands):

	DECEMBER 31	
	2000	1999
Mortgage loans	\$ 275,312	\$ 374,390
Construction loans	4,052	9,908
Working capital	20,720	15,221
Mortgage loans to related parties	1,237	1,500
Subdebt investments	21,972	19,511
	-----	-----
TOTALS	\$ 323,293	\$ 420,530
	=====	=====

Loans to related parties (an entity whose ownership includes one Company director) included above are at rates comparable to other third-party borrowers equal to or greater than the Company's net interest cost on borrowings to support such loans. The amount of interest income and loan and commitment fees from related parties amounted to \$152,000, \$914,000, and \$1,160,000 for 2000, 1999 and 1998, respectively.

The following is a summary of mortgage loans at December 31, 2000 (in thousands):

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount
-----	-----	-----	-----	-----
2001	4	Monthly payments from \$17,302 to \$45,278, including interest from 10.50% to 12.50%	\$ 13,462	\$ 9,486
2002	12	Monthly payments from \$19,380 to \$49,973, including interest at 9.50%	52,130	51,986
2003	1	Monthly payment at \$27,884, including interest at 9.00%	3,718	3,718
2004	1	Monthly payment at \$29,755, including interest at 10.00%	4,108	3,571
2006	5	Monthly payments from \$4,534 to \$96,412, including interest from 9.68% to 12.42%	18,179	15,671
2007	5	Monthly payments from \$3,592 to \$75,517, including interest from 8.72% to 12.17%	20,653	13,548
2008	2	Monthly payments from \$1,429 to \$92,028, including interest from 12.17% to 14.61%	8,400	7,313
2009	2	Monthly payments from \$13,680 to \$71,669, including interest from 11.49% to 12.00%	8,635	8,084
2010	3	Monthly payments from \$5,579 to \$135,335, including interest from 11.07% to 12.17%	20,025	18,313

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount
2012	1	Monthly payment at \$309,651, including interest at 12.20%	\$ 29,000	\$ 28,646
2015	8	Monthly payments from \$1,195 to \$124,679, including interest from 9.13% to 14.19%	29,532	28,242
2016	4	Monthly payments from \$9,827 to \$125,212, including interest from 10.96% to 14.19%	26,590	24,550
2017	4	Monthly payments from \$3,033 to \$239,153, including interest from 11.43% to 14.19%	33,188	31,124
2018	1	Monthly payment at \$189,746, including interest at 9.94%	21,000	20,595
2019	2	Monthly payments from \$35,683 to \$48,408, including interest from 10.52% to 10.60%	8,864	8,741
2020	1	Monthly payment at \$28,345, including interest at 10.62%	2,975	2,961
TOTALS			\$ 300,459	\$ 276,549

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3. REAL ESTATE INVESTMENTS

The following table summarizes certain information about the Company's real estate properties as of December 31, 2000 (in thousands):

	Number of Facilities	Land	Building & Improvements	Total Investment	Accumulated Depreciation
NURSING HOMES:					
Arizona	1	\$ 180	\$ 3,988	\$ 4,168	\$ 341
California	1	1,460	3,880	5,340	321
Colorado	1	370	6,051	6,421	506
Florida	7	4,022	50,718	54,740	3,000
Idaho	3	2,010	20,662	22,672	1,599
Illinois	2	1,010	11,446	12,456	596
Kentucky	1	130	4,870	5,000	878
Massachusetts	12	6,972	87,695	94,667	5,090
Ohio	2	786	8,778	9,564	1,155
Oklahoma	1	470	5,673	6,143	407
Oregon	1	300	5,316	5,616	429
Pennsylvania	3	669	17,567	18,236	2,375
Texas	1	663	12,588	13,251	2,713

	36	19,042	239,232	258,274	19,410

ASSISTED LIVING FACILITIES:					
Arizona	3	1,510	15,554	17,064	328
California	2	450	10,315	10,765	77
Connecticut	1	660	9,652	10,312	729
Florida	18	8,198	68,376	76,574	5,132
Georgia	2	3,166	24,541	27,707	1,232
Indiana	9	1,951	34,875	36,826	1,648
Louisiana	1	1,100	10,036	11,136	306
Maryland	1	1,320	13,641	14,961	825
Massachusetts	1	810	10,500	11,310	757
Minnesota	1	322	6,345	6,667	313
Montana	2	910	7,239	8,149	199
Nevada	3	2,086	26,129	28,215	1,205
New Jersey	2	4,597	23,627	28,224	1,685
New Mexico	1	233	5,355	5,588	481
New York	1	400	10,528	10,928	918
North Carolina	9	7,269	52,681	59,950	3,158
Ohio	7	3,512	31,647	35,159	2,305
Oklahoma	16	1,923	24,351	26,274	2,914
Oregon	2	1,077	8,757	9,834	409
Pennsylvania	4	1,951	17,199	19,150	753
South Carolina	5	2,072	18,912	20,984	610
Tennessee	4	1,521	12,461	13,982	532
Texas	21	6,839	83,231	90,070	6,795
Washington	1	1,400	5,476	6,876	247
Construction in Progress	3			11,976	

	120	55,277	531,428	598,681	33,558
TOTAL REAL ESTATE	156	\$74,319	\$ 770,660	\$ 856,955	\$ 52,968

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3. REAL ESTATE INVESTMENTS (CONTINUED)

At December 31, 2000, future minimum lease payments receivable under operating leases are as follows (in thousands):

2001	\$ 83,237
2002	85,223
2003	85,975
2004	86,918
2005	88,717
Thereafter	516,905

TOTAL	\$946,975
	=====

The Company converted \$60,648,000, \$16,309,000, and \$73,430,000 of mortgage loans into operating lease properties in 2000, 1999 and 1998, respectively. This noncash activity is appropriately not reflected in the accompanying statements of cash flows.

4. CONCENTRATION OF RISK

As of December 31, 2000, long-term care facilities, which include nursing homes and assisted living facilities, comprised 92% (93% at December 31, 1999) of the Company's real estate investments and were located in 34 states. Investments in assisted living facilities comprised 66% (70% at December 31, 1999) of the Company's real estate investments. The Company's investments with the three largest operators totaled approximately 27% (28% at December 31, 1999). No single operator has a real estate investment balance which exceeds 11% (14% at December 31, 1999) of total real estate investments, including credit enhancements.

5. ALLOWANCE FOR LOAN LOSSES

The following is a summary of the allowance for loan losses (in thousands):

	2000	1999	1998
	-----	-----	-----
Balance at beginning of year	\$ 5,587	\$ 4,987	\$ 4,387
Provision for loan losses	1,000	600	600
Charge-offs	(726)		
	-----	-----	-----
Balance at end of year	\$ 5,861	\$ 5,587	\$ 4,987
	=====	=====	=====

In addition, the Company recorded a \$2,000,000 loss during 2000 related to an investment in the preferred stock of a private corporation that became substantially diluted as a result of a recapitalization of that corporation.

6. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS

AND RELATED ITEMS

The Company has an unsecured credit arrangement with a consortium of 10 banks providing for a revolving line of credit ("revolving credit") in the amount of \$175,000,000, which expires on March 31, 2001. The agreement specifies that borrowings under the revolving credit are subject to interest payable in periods no longer than three months on either the agent bank's base rate of interest or 1.0% over LIBOR interest rate (based at the Company's option). The effective interest rate at December 31, 2000, was 7.97%. In addition, the Company pays a commitment fee ranging from an annual rate of 0.20% to 0.375% and an annual agent's fee of \$50,000. Principal is due upon expiration of the agreement. In January 2001, the Company extended the revolving credit through March 31, 2003. Under the terms of the extension, the total commitment was reduced from \$175,000,000 to \$150,000,000 and the effective interest rate was adjusted to the agent bank's base rate or 1.5% over LIBOR. The Company has another unsecured line of credit with a bank for a total of \$25,000,000, which expires April 30, 2001. Borrowings under this line of credit are subject to interest at the bank's prime rate of interest (9.5% at December 31, 2000) and are due on demand.

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6. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS AND RELATED ITEMS (CONTINUED)

The following information relates to aggregate borrowings under the line of credit arrangements (in thousands, except percentages):

	2000	YEAR ENDED DECEMBER 31 1999	1998
Balance outstanding at December 31	\$ 119,900	\$ 177,500	\$ 171,550
Maximum amount outstanding at any month end	185,000	180,950	171,550
Average amount outstanding (total of daily principal balances divided by days in year)	140,981	153,318	103,739
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	7.77%	6.61%	6.90%

7. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS

The Company has \$255,000,000 of Unsecured Senior Notes with interest ranging from 7.06% to 8.34%.

The Company has one mortgage note payable, collateralized by a health care facility with an interest rate at 12%.

The Company has one secured note collateralized by one health care facility with interest at 2% over LIBOR (8.62% at December 31, 2000).

The Company has a \$60,000,000 secured line of credit, collateralized by 14 health care facilities, with interest at 2% over LIBOR (8.62% at December 31, 2000).

The carrying values of the health care properties securing the mortgages and secured debt totaled \$139,481,000 at December 31, 2000.

At December 31, 2000, the annual principal payments on these long-term obligations are as follows (in thousands):

SECURED LINE OF

SECURED

	SENIOR NOTES	CREDIT	NOTE	MORTGAGES
2001	\$ 10,000	\$ 0	\$ 0	\$ 67
2002	20,000	0	0	75
2003	35,000	0	0	84
2004	40,000	60,000	4,000	133
2005	0	0	0	493
2006	50,000	0	0	0
2007	0	0	0	0
2008	100,000	0	0	0
Thereafter	0	0	0	0
	-----	-----	-----	-----
	\$ 255,000	\$ 60,000	\$ 4,000	\$ 852
	=====	=====	=====	=====

8. STOCK INCENTIVE PLANS AND RETIREMENT ARRANGEMENTS

The Company's 1995 Stock Incentive Plan authorized up to 2,200,000 shares of Common Stock to be issued at the discretion of the Board of Directors. The 1995 Plan replaced the 1985 Incentive Stock Option Plan. The options granted under the 1985 Plan continue to vest through 2005 and expire 10 years from the date of grant. Officers and key salaried employees of the Company are eligible to participate in the 1995 Plan. The 1995 Plan allows for the issuance of stock options, restricted stock grants and Dividend Equivalency Rights. In addition, during 1997, the Company adopted a Stock Plan for Non-Employee Directors, which authorizes up to 240,000 shares to be issued.

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8. STOCK INCENTIVE PLANS AND RETIREMENT ARRANGEMENTS (CONTINUED)

The following table summarizes the activity in the Plans for the years ended December 31 (shares in thousands):

	2000		1999		1998	
	SHARES	AVERAGE EXERCISE PRICE	Shares	Average Exercise Price	Shares	Average Exercise Price
Stock Options						
Options at beginning of year	1,813	\$21.62	1,418	\$22.06	1,126	\$21.56
Options granted	507	16.79	410	20.17	362	23.00
Options exercised			(6)	21.81	(63)	18.57
Options terminated	(367)	21.76	(9)	23.90	(7)	24.90
	-----	-----	-----	-----	-----	-----
	1,953	\$20.34	1,813	\$21.62	1,418	\$22.06
	-----	-----	-----	-----	-----	-----
At end of year:						
Options exercisable	949	\$21.32	733	\$21.17	466	\$20.83
Weighted average fair value of options granted during the year		\$.63		\$ 2.11		\$ 1.98

The stock options generally vest over a five-year period and expire 10 years from the date of grant. Options at December 31, 2000, had exercise prices ranging from \$16.38 to \$27.38 per share and a weighted average contractual life of 7.5 years.

The Company issued 77,250, 86,250, and 74,100 restricted shares during 2000, 1999 and 1998, respectively, including 8,000, 9,000 and 2,250 shares for directors in 2000, 1999 and 1998, respectively. Vesting periods range from six months for directors to five years for officers and key salaried employees.

Expense, which is recognized as the shares vest based on the market value at the date of the award, totaled \$1,090,000, \$1,080,000, and \$601,000, in 2000, 1999 and 1998, respectively.

The following table summarizes information about stock options outstanding at December 31, 2000 (shares in thousands):

Range of Per Share Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contract Life	Number Exercisable	Weighted Average Exercise Price
\$16-\$20	1,164	\$ 18.14	8.2	444	\$ 18.66
\$20-\$25	639	23.01	6.4	402	23.03
\$25-\$30	150	26.08	7.2	103	26.06
	-----	-----	-----	-----	-----
	1,953	\$ 20.34	7.5	949	\$ 21.32
	-----	-----	-----	-----	-----

The Company has elected to follow APB Opinion No. 25, Accounting for Stock Issued to Employees in accounting for its employee stock options as permitted under FASB Statement No. 123 ("FASB 123"), Accounting for Stock-Based Compensation, and, accordingly, recognizes no compensation expense for the stock option grants when the market price on the underlying stock on the date of grant equals the exercise price of the Company's employee stock option.

Pro forma information has been determined as if the Company had accounted for its employee stock options and restricted shares under the fair value method. The pro forma disclosures are not likely to be representative of the effects on reported net income for future years because they do not take into consideration stock-based incentives granted prior to 1995. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following range of assumptions: risk-free interest rates from 5.10% to 7.60%, dividend yields of 8% to 12%, expected lives of seven years, and expected volatility of .18% to .244%. Had compensation cost for the stock-based compensation plans been determined in accordance with FASB 123, net income would have been reduced by \$267,000, \$621,000, and \$393,000, in 2000, 1999 and 1998, respectively, and net income per common share would have been lower by \$.01, \$.02, and \$.02, in 2000, 1999 and 1998, respectively.

The Company has a 401-(k) Profit Sharing Plan covering all eligible employees. Under the Plan, eligible employees may make contributions, and the Company may make a profit sharing contribution. Company contributions to this Plan totaled \$171,000, \$144,000, and \$120,000, in 2000, 1999 and 1998, respectively.

9. PREFERRED STOCK

In January 1999, the Company sold 3,000,000 shares of Series C Cumulative Convertible Preferred Stock. These shares have a liquidation value of \$25.00 per share and will pay dividends equivalent to the greater of (i) the annual dividend rate of \$2.25 per share (a quarterly dividend rate of \$0.5625 per share); or (ii) the quarterly dividend then payable per common share on an as converted basis. The preferred shares are convertible into common stock at a conversion price of \$25.625 per share. The Company has the right to redeem the preferred shares after five years.

In May 1998, the Company sold 3,000,000 shares of 8.875% Series B Cumulative Redeemable Non-Voting Preferred Stock with a liquidation preference of \$25.00

per share. Dividends are payable quarterly in arrears. On and after May 1, 2003, the Preferred Stock may be redeemed for cash at the option of the Company, in whole or in part, at \$25.00 per share, plus accrued and unpaid dividends thereon to the redemption date.

10. DISTRIBUTIONS

To qualify as a real estate investment trust for federal income tax purposes, 95% of taxable income (not including capital gains) must be distributed to shareholders. Real estate investment trusts that do not distribute a certain amount of current year taxable income in the current year are also subject to a 4% federal excise tax. The Company had no excise tax expense for the years ended December 31, 2000 and 1999, and \$315,000 of excise tax expense for the year ended December 31, 1998. The principal reasons for the difference between undistributed net income for federal income tax purposes and financial statement purposes are the recognition of straight-line rent for reporting purposes and the provision for losses for reporting purposes versus bad debt expense for tax purposes. Cash distributions paid to shareholders, for federal income tax purposes, are as follows:

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
Per Share:			
Ordinary income	\$ 2.330	\$ 2.217	\$ 2.142
Capital gains	.005	.053	.048
TOTALS	\$ 2.335	\$ 2.270	\$ 2.190

11. COMMITMENTS AND CONTINGENCIES

At December 31, 2000, the Company had outstanding commitments to provide financing for facilities in the approximate amount of \$14,663,000 for ongoing construction activity expected over the next 12 to 15 months. The above commitments are generally on similar terms as existing financings of a like nature with rates of return to the Company based upon current market rates at the time of the commitment.

The Company has agreements to purchase two health care facilities, or the loans with respect thereto, in the event that the present owners default upon their obligations. In consideration for these agreements, the Company receives and recognizes fees annually related to these agreements. Although the terms of these agreements vary, the purchase prices are equal to the amount of the outstanding obligations financing the facility. These agreements expire through the year 2005. In addition, the Company has an outstanding letter of credit relating to one construction project. At December 31, 2000, obligations under these agreements for which the Company was contingently liable aggregated approximately \$11,945,000.

12. SHAREHOLDER RIGHTS PLAN

Under the terms of a Shareholder Rights Plan approved by the Board of Directors in July 1994, a Preferred Share Right ("Right") is attached to and automatically trades with each outstanding share of Common Stock.

The Rights, which are redeemable, will become exercisable only in the event that any person or group becomes a holder of 15% or more of the Common Stock, or commences a tender or exchange offer, which, if consummated, would result in that person or group owning at least 15% of the Common Stock. Once the Rights become exercisable, they entitle all other shareholders to purchase one one-thousandth of a share of a new series of junior participating preferred stock for an exercise price of \$48.00. The Rights will expire on August 5, 2004, unless exchanged earlier or redeemed earlier by the Company for \$.01 per Right at any time before public disclosure that a 15% position has been acquired.

13. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	2000 -----	1999 -----	1998 -----
Numerator for basic and diluted earnings per share - income available to common shareholders	\$ 54,566 =====	\$ 62,824 =====	\$ 58,149 =====
Denominator for basic earnings per share - weighted average shares	28,418	28,128	25,579
Effect of dilutive securities:			
Employee stock options		15	174
Nonvested restricted shares	225 -----	241 -----	201 -----
Dilutive potential common shares	225 -----	256 -----	375 -----
Denominator for diluted earnings per share - adjusted weighted average shares	28,643 =====	28,384 =====	25,954 =====
Basic earnings per share	\$ 1.92 =====	\$ 2.23 =====	\$ 2.27 =====
Diluted earnings per share	\$ 1.91 =====	\$ 2.21 =====	\$ 2.24 =====

The diluted earnings per share calculation excludes the dilutive effect of 1,954,000, 1,813,000, and 179,000 options for 2000, 1999 and 1998, respectively, because the exercise price was greater than the average market price. The Series C Cumulative Convertible Preferred Stock was not included in this calculation as the effect of the conversion was anti-dilutive.

14. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Mortgage Loans--The fair value of all mortgage loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Subdebt Investments--The carrying amount is a reasonable estimate of fair value based on the interest rates received, which approximates current market rates.

Cash and Cash Equivalents--The carrying amount approximates fair value because of the short maturity of these financial instruments.

Marketable Securities--Marketable securities are recorded at their fair market value.

Borrowings Under Line of Credit Arrangements and Secured Debt--The carrying amount of the line of credit and secured debt approximates fair value because the borrowings are interest rate adjustable.

Senior Unsecured Notes and Industrial Development Bonds--The fair value of the senior unsecured notes payable was estimated by discounting the future cash flow using the current borrowing rate available to the Company for similar debt.

Mortgage Notes Payable--Mortgage notes payable is a reasonable estimate of fair value.

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14. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2000 and 1999, are as follows (in thousands):

	DECEMBER 31, 2000		December 31, 1999	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Financial Assets:				
Mortgage loans	\$301,321	\$308,016	\$401,019	\$407,711
Subdebt investments	21,972	21,972	19,511	19,511
Cash and cash equivalents	2,844	2,844	2,129	2,129
Marketable securities	130	130	863	863
Financial Liabilities:				
Borrowings under line of credit arrangements	119,900	119,900	177,500	177,500
Senior unsecured notes	255,000	234,987	290,000	257,679
Secured debt	64,000	64,000	64,000	64,000
Mortgage notes payable	852	852	7,342	7,342

15. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the Company for the years ended December 31, 2000 and 1999 (in thousands, except per share data):

	YEAR ENDED DECEMBER 31, 2000			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Revenues	\$ 34,828	\$ 33,927	\$ 33,351	\$ 33,164
Net Income Available to Common Shareholders	14,758	14,587	13,786	11,435
Net Income Available to Common Shareholders Per Share				
Basic	.52	.52	.48	.40
Diluted	.52	.51	.48	.40

	Year Ended December 31, 1999			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 28,164	\$ 32,469	\$ 34,160	\$ 33,811
Net Income Available to Common Shareholders	16,219	15,787	16,195	14,623
Net Income Available to Common Shareholders Per Share				
Basic	.58	.56	.57	.52
Diluted	.57	.56	.57	.51

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated herein by reference to the information under the heading "Election of Three Directors" and "Executive Officers of the Company" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 3, 2001.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the information under the heading "Remuneration" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 3, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to the information under the heading "Security Ownership of Directors and Management" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 3, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the information under the heading "Certain Relationships and Related Transactions" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 3, 2001.

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ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

- (a) 1. The following Consolidated Financial Statements of the Company are included in Part II, Item 8:

Report of Independent Auditors.....	17
Consolidated Balance Sheets - December 31, 2000 and 1999.....	18
Consolidated Statements of Income - Years ended December 31, 2000, 1999 and 1998.....	19
Consolidated Statements of Shareholders' Equity - Years ended December 31, 2000, 1999 and 1998.....	20
Consolidated Statements of Cash Flows - Years ended December 31, 2000, 1999 and 1998.....	21
Notes to Consolidated Financial Statements	22

2. The following Financial Statement Schedules are included in Item 14 (d):

- III - Real Estate and Accumulated Depreciation
- IV - Mortgage Loans on Real Estate

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibit Index:

- 3.1 Second Restated Certificate of Incorporation.
- 3.2 By-Laws, as amended.
- 4.1 The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of holders of long-term debt of Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.
- 4.2 Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.
- 4.3 First Supplemental Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.
- 4.4 Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.
- 4.5 Third Supplemental Indenture as of March 18, 1999 between Health Care REIT, Inc. and Fifth Third Bank.
- 4.6 Form of Certificate of Designation of 8-7/8% Series B Cumulative Redeemable Preferred Stock.
- 4.7 Certificate of Designations, Preferences and Rights of Series C Cumulative Convertible Preferred Stock of Health Care REIT, Inc.
- 10.1 Rights Agreement.
- 10.2 Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.
- 10.3 Loan Agreement dated as of March 28, 1997 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, KeyBank National Association, as Administrative Agent, and Fleet Bank N.A., as Syndication Agent.
- 10.4 Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 15, 1995.
- 10.5 The 1985 Incentive Stock Option Plan of Health Care REIT, Inc. as amended.
- 10.6 The Health Care REIT, Inc. 1995 Stock Incentive Plan
- 10.7 Credit Agreement by and among Health Care REIT, Inc., and certain subsidiaries, Bank United and other lenders party thereto, dated as of February 24, 1999.
- 10.8 Amendment No. 1 to Loan Agreement dated as of October 1, 1998 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, and Key Corporate Capital Inc.

- 10.9 Amendment No. 2 to Loan Agreement dated as of January 29, 2001 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto and Key Corporate Capital Inc.
- 10.10 Amendment No. 1 to Credit Agreement by and among Health Care REIT, Inc. and certain subsidiaries, Bank United and other lenders party thereto, dated as of April 5, 1999.
- 21 Subsidiaries of the Registrant.
- 23 Consent of Independent Auditors.
- 24 Powers of Attorney.
- 99.1 Press Release dated October 12, 2000.
- 99.2 Press Release dated October 17, 2000.

(b) Reports on Form 8-K filed in the fourth quarter of 2000:

None.

(c) Exhibits:

The exhibits listed in Item 14(a)(3) above are either filed with this Form 10-K or incorporated by reference in accordance with Rule 12b-32 of the Exchange Act.

(d) Financial Statement Schedules:

Financial statement schedules are included in pages 37 through 43.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTH CARE REIT, INC.
(Registrant)

By: /S/GEORGE L. CHAPMAN

Chairman, Chief Executive Officer,
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 23, 2001 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

William C. Ballard, Jr., Director

R. Scott Trumbull, Director

/S/ PIER C. BORRA*

/S/ RICHARD A. UNVERFERTH*

Pier C. Borra, Director

Richard A. Unverferth, Director

/S/ JEFFREY H. DONAHUE*

/S/GEORGE L. CHAPMAN

Jeffrey H. Donahue, Director

George L. Chapman, Chairman, Chief Executive Officer, President and Director (Principal Executive Officer)

/S/ PETER J. GRUA*

/S/ RAYMOND W. BRAUN*

Peter J. Grua, Director

Raymond W. Braun, Executive Vice President, Chief Operating Officer and Chief Financial Officer (Principal Financial Officer)

/S/ SHARON M. OSTER*

/S/ MICHAEL A. CRABTREE*

Sharon M. Oster, Director

Michael A. Crabtree, Treasurer & Controller (Principal Accounting Officer)

/S/ BRUCE G. THOMPSON*

*By: /S/GEORGE L. CHAPMAN

Bruce G. Thompson, Director

George L. Chapman, Attorney-in-Fact

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HEALTH CARE REIT, INC.
SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000

Description -----	Encumbrances -----	Initial Cost to Company -----		Cost Capitalized Subsequent to Acquisition -----
		Land ----	Buildings & Improvements -----	
ASSISTED LIVING FACILITIES:				
Lake Havasu, AZ	\$	\$110	\$2,244	\$
Lake Havasu, AZ		450	4,223	
Mesa, AZ		950	9,087	
Encinitas, CA		0	6,143	
Marysville, CA		450	4,172	
Litchfield, CT		660	8,812	840
Bradenton, FL		251	3,298	
Bradenton, FL		25	450	
Bradenton, FL		25	400	
Bradenton, FL		50	850	
Bradenton, FL		50	850	
Clermont, FL		350	5,232	
Ft. Myers, FL		1,230	13,098	

Haines City, FL	80	1,937	
Lake Wales, FL	80	1,939	
Lauderhill, FL	20	1,374	161
Leesburg, FL	70	1,170	
Margate, FL	500	5,343	1,960
Naples, FL	1,716	17,306	
North Miami Beach, FL	300	5,621	88
North Miami Beach, FL	150	1,242	643
Orange City, FL	80	2,239	
Plantation, FL	2,746	0	
Sarasota, FL	475	3,175	
Atlanta, GA	2,059	14,914	
Roswell, GA	1,107	9,627	
Auburn, IN	145	3,511	
Avon, IN	170	3,504	
Kokomo, IN	195	3,709	
Laporte, IN	165	3,674	
Marion, IN	175	3,504	
Merrilville, IN	643	7,084	
Shelbyville, IN	165	3,497	
Terre Haute, IN	175	3,499	
Vincennes, IN	118	2,893	
Kenner, LA	1,100	10,036	
Attleboro, MA	810	10,500	
Ellicott City, MD	1,320	13,641	

Gross Amount at Which
Carried at Close of Period

Description	Land	Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
ASSISTED LIVING FACILITIES:					
Lake Havasu, AZ	\$110	\$2,244	\$ 135	1998	1998
Lake Havasu, AZ	450	4,223	171	1999	1999
Mesa, AZ	950	9,087	22	2000	2000
Encinitas, CA	0	6,143	77	2000	2000
Marysville, CA	450	4,172	0	2000	2000
Litchfield, CT	660	9,652	729	1998	1998
Bradenton, FL	251	3,298	476	1996	1995
Bradenton, FL	25	450	39	1997	1992
Bradenton, FL	25	400	35	1997	1988
Bradenton, FL	50	850	73	1997	1996
Bradenton, FL	50	850	73	1997	1996
Clermont, FL	350	5,232	451	1997	1997
Ft. Myers, FL	1,230	13,098	707	1999	1999
Haines City, FL	80	1,937	91	1999	1999
Lake Wales, FL	80	1,939	91	1999	1999
Lauderhill, FL	20	1,535	117	1998	1995
Leesburg, FL	70	1,170	96	1998	1972
Margate, FL	500	7,303	619	1998	1972
Naples, FL	1,716	17,306	1,059	1999	1999
North Miami Beach, FL	300	5,709	461	1998	1987
North Miami Beach, FL	150	1,885	125	1998	1987
Orange City, FL	80	2,239	161	1998	1998
Plantation, FL	2,746	0	0	1999	1999
Sarasota, FL	475	3,175	458	1996	1995
Atlanta, GA	2,059	14,914	621	1999	1999
Roswell, GA	1,107	9,627	611	1999	1999
Auburn, IN	145	3,511	173	1999	1999
Avon, IN	170	3,504	138	1999	1999
Kokomo, IN	195	3,709	182	1999	1999
Laporte, IN	165	3,674	180	1999	1999
Marion, IN	175	3,504	107	1999	1999
Merrilville, IN	643	7,084	448	1999	1999
Shelbyville, IN	165	3,497	165	1999	1999
Terre Haute, IN	175	3,499	107	1999	1999
Vincennes, IN	118	2,893	148	1999	1999
Kenner, LA	1,100	10,036	306	2000	2000
Attleboro, MA	810	10,500	757	1998	1998
Ellicott City, MD	1,320	13,641	825	1999	1999

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SCHEDULE III -Continued

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition
		Land	Buildings & Improvements	
Rochester, MN	\$	\$ 322	\$ 6,345	
Butte, MT		550	3,957	
Kalispell, MT		360	3,282	
Asheville, NC		204	3,489	
Cary, NC		1,500	4,350	
Durham, NC		1,476	10,659	
Elizabeth City, NC		200	2,760	
Hendersonville, NC		2,270	11,771	

Morehead City, NC	200	3,104	
Pineville, NC	1,009	10,554	
Wake Forest, NC	200	3,003	
Wilmington, NC	210	2,991	
Brick, NJ	1,300	9,394	
Cranford, NJ	3,297	11,703	2,530
Roswell, NM	233	5,355	
Gardnerville, NV	1,326	12,549	
Henderson, NV	380	9,220	
Henderson, NV	380	4,360	
Albany, NY	400	10,528	
Canton, OH	300	2,098	
Cincinnati, OH	1,728	10,272	
Findlay, OH	200	1,800	
Newark, OH	410	5,711	
Piqua, OH	204	1,885	
Sagamore Hills, OH	470	7,881	
Troy, OH	200	2,000	
Bartlesville, OK	100	1,380	
Chickasha, OK	85	1,395	
Duncan, OK	103	1,347	
Edmond, OK	175	1,564	
Enid, OK	90	1,390	
Lawton, OK	144	1,456	
Midwest City, OK	95	1,385	
Muskogee, OK	150	1,433	
Norman, OK	55	1,484	
N. Oklahoma City, OK	87	1,508	
Oklahoma City, OK	130	1,350	
Oklahoma City, OK	220	2,943	
Owasso, OK	215	1,380	
Ponca City, OK	114	1,536	
Shawnee, OK	80	1,400	
Stillwater, OK	80	1,400	
Portland OR	628	3,585	
Salem, OR	449	5,172	

Gross Amount at Which
Carried at Close of Period

Description -----	Land ---	Buildings & Improvements -----	Accumulated Depreciation -----	Year Acquired -----	Year Built -----
Rochester, MN	\$ 322	\$ 6,345	\$ 313	1999	1999
Butte, MT	550	3,957	0	2000	1999
Kalispell, MT	360	3,282	199	1998	1998
Asheville, NC	204	3,489	176	1999	1999
Cary, NC	1,500	4,350	305	1998	1996
Durham, NC	1,476	10,659	666	1999	1999
Elizabeth City, NC	200	2,760	135	1999	1999
Hendersonville, NC	2,270	11,771	804	1998	1998
Morehead City, NC	200	3,104	94	2000	2000
Pineville, NC	1,009	10,554	660	1999	1999
Wake Forest, NC	200	3,003	180	1999	1999
Wilmington, NC	210	2,991	138	1999	1999
Brick, NJ	1,300	9,394	170	2000	2000
Cranford, NJ	3,297	14,233	1,515	1996	1993
Roswell, NM	233	5,355	481	1997	1996
Gardnerville, NV	1,326	12,549	693	1999	1999
Henderson, NV	380	9,220	512	1998	1998
Henderson, NV	380	4,360	0	2000	2000
Albany, NY	400	10,528	918	1997	1997
Canton, OH	300	2,098	126	1998	1998
Cincinnati, OH	1,728	10,272	1,118	1997	1995
Findlay, OH	200	1,800	187	1997	1997
Newark, OH	410	5,711	387	1998	1997
Piqua, OH	204	1,885	146	1998	1998
Sagamore Hills, OH	470	7,881	140	2000	2000
Troy, OH	200	2,000	201	1997	1997
Bartlesville, OK	100	1,380	194	1994	1995
Chickasha, OK	85	1,395	189	1995	1996
Duncan, OK	103	1,347	174	1995	1996
Edmond, OK	175	1,564	198	1995	1996
Enid, OK	90	1,390	195	1995	1996
Lawton, OK	144	1,456	186	1995	1996
Midwest City, OK	95	1,385	194	1996	1996
Muskogee, OK	150	1,433	170	1996	1996
Norman, OK	55	1,484	226	1995	1996
N. Oklahoma City, OK	87	1,508	174	1995	1996
Oklahoma City, OK	130	1,350	181	1995	1996
Oklahoma City, OK	220	2,943	56	2000	2000
Owasso, OK	215	1,380	161	1996	1996
Ponca City, OK	114	1,536	225	1995	1995
Shawnee, OK	80	1,400	195	1995	1996
Stillwater, OK	80	1,400	196	1995	1996
Portland OR	628	3,585	157	1999	1999
Salem, OR	449	5,172	252	1999	1999

SCHEDULE III - Continued

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition
		Land	Buildings & Improvements	
Lebanon, PA	\$	\$ 400	\$ 3,799	\$
Saxonburg, PA		677	4,669	
Seven Fields, PA		484	4,663	
Williamsport, PA		390	4,068	
Bluffton, SC		700	5,598	
Florence, SC		380	2,881	
Hilton Head, SC		510	6,037	
N Augusta, SC		332	2,558	
Walterboro, SC		150	1,838	
Clarksville, TN		330	2,292	
Columbia, TN		341	2,295	
Morristown, TN		400	3,808	
Oakridge, TN		450	4,066	
Austin, TX		880	9,520	
Benbrook, TX		1,050	7,550	27
Cedar Hill, TX		171	1,490	
Claremore, TX		155	1,427	
Corpus Christi, TX		420	4,796	
Corpus Christi, TX		155	2,935	
Desoto, TX		205	1,383	
Ft. Worth, TX		210	3,790	
Ft. Worth, TX		247	3,868	150
Georgetown, TX		200	2,100	
Grand Prairie, TX		399	5,161	
Harlingen, TX		92	2,057	
Harlingen, TX		340	5,621	
Houston, TX		550	10,751	
Houston, TX		261	3,139	
Kingwood, TX		300	3,309	
N Richland Hills, TX		330	5,355	
Palestine, TX		173	1,410	
San Marcos, TX		355	4,560	
Texarkana, TX		192	1,403	
Waxahachie, TX		154	1,429	
Everett, WA		1,400	5,476	
TOTAL ASSISTED LIVING FACILITIES:		\$55,277	\$525,029	\$6,399

Gross Amount at Which
Carried at Close of Period

Description	Land	Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
Lebanon, PA	\$ 400	\$ 3,799	\$ 136	1999	1999
Saxonburg, PA	677	4,669	248	1999	1994
Seven Fields, PA	484	4,663	230	1999	1999
Williamsport, PA	390	4,068	139	1999	1999
Bluffton, SC	700	5,598	26	2000	2000
Florence, SC	380	2,881	129	1999	1999
Hilton Head, SC	510	6,037	221	1999	1999
N Augusta, SC	332	2,558	126	1999	1999
Walterboro, SC	150	1,838	108	1999	1992
Clarksville, TN	330	2,292	137	1998	1998
Columbia, TN	341	2,295	115	1999	1999
Morristown, TN	400	3,808	136	1999	1999
Oakridge, TN	450	4,066	144	1999	1999
Austin, TX	880	9,520	512	1999	1999
Benbrook, TX	1,050	7,577	846	1997	1994
Cedar Hill, TX	171	1,490	169	1997	1997
Claremore, TX	155	1,427	169	1996	1996
Corpus Christi, TX	420	4,796	519	1997	1989
Corpus Christi, TX	155	2,935	266	1997	1997
Desoto, TX	205	1,383	155	1997	1997
Ft. Worth, TX	210	3,790	490	1992	1994
Ft. Worth, TX	247	4,018	356	1999	1996
Georgetown, TX	200	2,100	210	1997	1997
Grand Prairie, TX	399	5,161	326	1998	1998
Harlingen, TX	92	2,057	186	1997	1989
Harlingen, TX	340	5,621	455	1998	1998
Houston, TX	550	10,751	528	1999	1999
Houston, TX	261	3,139	387	1994	1995
Kingwood, TX	300	3,309	145	1999	1999
N Richland Hills, TX	330	5,355	291	1999	1999
Palestine, TX	173	1,410	167	1996	1996
San Marcos, TX	355	4,560	286	1998	1998
Texarkana, TX	192	1,403	163	1996	1996
Waxahachie, TX	154	1,429	169	1996	1996
Everett, WA	1,400	5,476	247	1999	1990
TOTAL ASSISTED LIVING FACILITIES:	\$55,277	\$531,428	\$33,558		

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SCHEDULE III-Continued

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition
		Land	Buildings & Improvements	
SKILLED NURSING FACILITIES:				
Payson, AZ	\$	\$180	\$3,988	\$
Santa Rosa, CA		1,460	3,880	
Pueblo, CO		370	6,051	
Hilliard, FL		150	6,990	
Lakeland, FL		696	4,581	262
New Port Richey, FL		624	6,930	377
North Fort Myers, FL		636	5,712	315
Sarasota, FL		560	8,474	
Vero Beach, FL		660	7,642	1,398
West Palm Beach, FL		696	7,623	414
Boise, ID		600	7,383	
Boise, ID		810	5,401	
Coeur D'Alene		600	7,878	
Granite City IL		400	4,303	
Granite City, IL		610	7,143	
Owensboro, KY		130	4,870	
Braintree, MA		350	9,304	
Braintree, MA		170	6,080	1,364
Braintree, MA		80	4,245	604
Fall River, MA		620	5,080	722
Falmouth, MA		670	3,022	123
South Boston, MA		385	1,463	342
Springfield, MA		2,100	8,845	
Stoughton, MA		975	17,997	1,962
S. Boston, MA		0	3,016	115
Waltham, MA		0	11,516	
Webster, MA		570	8,790	849
Worcester, MA		1,052	902	1,354
Kent, OH		215	3,367	
Westlake, OH		571	5,411	
Midwest City, OK		470	5,673	
Eugene, OR		300	5,316	
Bloomsburg, PA		0	3,918	
Cheswick, PA		384	6,041	1,293
Easton, PA		285	6,315	
San Antonio, TX		663	12,588	
TOTAL SKILLED NURSING FACILITIES:		\$ 19,042	\$ 227,738	\$ 11,494
Construction in Progress			11,976	
TOTAL INVESTMENT IN PROPERTIES		\$ 74,319	\$ 764,743	\$ 17,893

Gross Amount at Which
Carried at Close of Period

Description	Land	Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
SKILLED NURSING FACILITIES:					
Payson, AZ	\$180	\$3,988	\$341	1998	1995
Santa Rosa, CA	1,460	3,880	321	1998	1968
Pueblo, CO	370	6,051	506	1998	1989
Hilliard, FL	150	6,990	395	1999	1994
Lakeland, FL	696	4,843	352	1998	1984
New Port Richey, FL	624	7,307	519	1998	1984
North Fort Myers, FL	636	6,027	432	1998	1984
Sarasota, FL	560	8,474	159	2000	2000
Vero Beach, FL	660	9,040	574	1998	1984
West Palm Beach, FL	696	8,037	569	1998	1984
Boise, ID	600	7,383	554	1998	1985
Boise, ID	810	5,401	459	1998	1996
Coeur D'Alene	600	7,878	586	1998	1996
Granite City IL	400	4,303	184	1999	1964
Granite City, IL	610	7,143	412	1998	1973
Owensboro, KY	130	4,870	878	1993	1967
Braintree, MA	350	9,304	203	1997	1968
Braintree, MA	170	7,444	806	1997	1973
Braintree, MA	80	4,849	561	2000	1973
Fall River, MA	620	5,802	671	1996	1966
Falmouth, MA	670	3,145	412	1996	1966
South Boston, MA	385	1,805	243	1995	1961
Springfield, MA	2,100	8,845	167	2000	1996
Stoughton, MA	975	19,959	367	2000	1996
S. Boston, MA	0	3,131	236	2000	1958

Waltham, MA	0	11,516	0	2000	1998
Webster, MA	570	9,639	1,120	1995	1982
Worcester, MA	1,052	2,256	304	1996	1973
Kent, OH	215	3,367	719	1989	1983
Westlake, OH	571	5,411	436	1998	1972
Midwest City, OK	470	5,673	407	1998	1958
Eugene, OR	300	5,316	429	1998	1976
Bloomsburg, PA	0	3,918	175	1999	1996
Cheswick, PA	384	7,334	543	1998	1982
Easton, PA	285	6,315	1,657	1993	1959
San Antonio, TX	663	12,588	2,713	1993	1978
	-----	-----	-----		
TOTAL SKILLED NURSING FACILITIES:	\$ 19,042	\$ 239,232	\$ 19,410		
Construction in Progress		11,976			

TOTAL INVESTMENT IN PROPERTIES	\$ 74,319	\$ 782,636	\$ 52,968		
	=====	=====	=====		

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SCHEDULE III - Continued

	Year ended December 31		
	2000	1999	1998
	----	----	----
Investment in Real Estate:			
Balance at Beginning of year	\$ 862,525	\$ 639,613	\$ 309,044
Additions:			
Acquisitions	0	81,109	110,432
Improvements	46,449	138,694	159,582
Other (1)	60,648	16,309	73,430
	-----	-----	-----
TOTAL ADDITIONS	107,097	236,112	343,444
Deductions:			
Cost of real estate sold	(112,667)	(13,200)	(12,875)
Other			
Total deductions	(112,667)	(13,200)	(12,875)
	-----	-----	-----
Balance at end of year	\$ 856,955	\$ 862,525	\$ 639,613
	=====	=====	=====
Accumulated depreciation:			
Balance at beginning of year	\$ 35,746	\$ 19,624	11,769
Additions:			
Depreciation expense	22,706	17,885	10,254
Deductions:			
Sale of properties	(5,484)	(1,763)	(2,399)
	-----	-----	-----
Balance at end of year	\$ 52,968	\$ 35,746	\$ 19,624
	=====	=====	=====

- (1) Represents mortgage loans converted to operating leases.
(2) The tax basis for real property equals \$788,674,000 at December 31, 2000.

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SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
HEALTH CARE REIT, INC.
DECEMBER 31, 2000

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	(IN THOUSANDS)		PRINCIPAL AMOUNT OF LOANS SUBJECT TO DELINQUENT PRINCIPAL OR INTEREST
					FACE AMOUNT OF MORTGAGES	CARRYING AMOUNT OF MORTGAGES	
First Mortgages:							
McAllen, TX (Specialty Care Facility)	11.07%	01/01/10	Monthly Payments \$135,335		\$13,750	\$13,371	None
Little Rock, AK (Specialty Care Facility)	12.20%	01/01/12	Monthly Payments \$309,651		29,000	28,646	None
Sun Valley, CA (Specialty Care Facility)	12.83%	01/01/17	Monthly Payments \$239,153		21,500	20,851	None
Briarcliff, NY (Assisted Living Facility)	10.96%	08/01/16	Monthly Payments \$125,212		12,810	12,594	None
New York City, NY (Assisted Living Facility)	9.94%	03/01/18	Monthly Payments \$189,746		21,000	20,595	None
Oklahoma City, OK (Nursing Home)	9.68%	06/01/06	Monthly Payments \$96,412		12,204	12,204	None
Brea, CA (Specialty Care Facility)	13.17%	07/01/15	Monthly Payments \$124,679		11,000	10,477	None
49 mortgage loans relating to 6 nursing homes, 39 assisted living facilities, 6 behavioral care facilities and 1 specialty care facilities	From 8.72% to 14.19%	From 12/01/01-05/01/20			179,195	168,288	None
2 construction loans (all with first mortgage liens) relating to 2 assisted living facilities	From 12.40% to 15.00%	N/A			7,010	4,052	None
TOTALS					\$307,469	\$280,601	\$-0-

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SCHEDULE IV - Continued

	(in thousands)		
	Year Ended December 31		
	2000	1999	1998
Reconciliation of mortgage loans:			
Balance at beginning of period	\$384,298	\$398,682	\$405,336
Additions during period:			
New mortgage loans	28,244	44,656	105,282
Negative principal amortization			6
	412,542	443,338	510,624
Deductions during period:			
Collections of principal (1)	70,567	42,731	38,512
Charge-offs	726		
Other (2)	60,648	16,309	73,430
	\$280,601	\$384,298	\$398,682

(1) Includes collection of negative principal amortization.

(2) Includes properties originally financed with mortgage loans that were purchased during the periods indicated.

EXHIBIT INDEX

The following documents are included in this Form 10-K as an Exhibit:

EXHIBIT NUMBER -----	DESIGNATION NUMBER UNDER ITEM 601 OF REGULATION S-K -----	EXHIBIT DESCRIPTION -----	PAGE NUMBER -----
3.1(1)	3(i)	Second Restated Certificate of Incorporation.	
3.2(2)	3(ii)	By-Laws, as amended.	
4.1	4	The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of long-term debt of the Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.	
4.2(3)	4	Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.	
4.3(4)	4	First Supplemental Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.	
4.4(5)	4	Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.	
4.5(6)	4	Third Supplemental Indenture dated as of March 18, 1999 between Health Care REIT, Inc. and Fifth Third Bank.	
4.6(6)	4	Form of Certificate of Designation of 8-7/8% Series B Cumulative Redeemable Preferred Stock	
4.7(6)	4	Certificate of Designations, Preferences and Rights of Series C Cumulative Convertible Preferred Stock of Health Care REIT, Inc.	
10.1(7)	10(ii)(A)	Rights Agreement.	
10.2(8)	10(ii)(A)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.	
10.3(9)	10(i)	Loan Agreement dated as of March 28, 1997 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, and KeyBank National Association, as Administrative Agent, and Fleet Bank, N.A., as Syndication Agent.	
10.4(10)	10(ii)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated April 15, 1996.	
10.5(11)	10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., as amended.	

10.6(12)	10(iii)(A)	The Health Care REIT, Inc. 1995 Stock Incentive Plan, as amended.
10.7	10(i)	Credit Agreement by and among Health Care REIT Inc., and certain subsidiaries, Bank United and other lenders party thereto, dated as of February 24, 1999.
10.8	10(i)	Amendment No. 1 to Loan Agreement dated as of October 1, 1998 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, and Key Corporate Capital Inc.
10.9	10(i)	Amendment No. 2 to Loan Agreement dated as of January 29, 2001 by and among Health Care REIT, Inc., as certain subsidiaries, the banks signatory thereto and Key Corporate Capital Inc.
10.10	10(i)	Amendment No. 1 to Credit Agreement by and among Health Care REIT, Inc. and certain subsidiaries, Bank United and other lenders party thereto, dated as of April 5, 1999.
21	21	Subsidiaries of the Registrant.
23	23	Consent of Independent Auditors.
24	24	Powers of Attorney.
99.1	99	Press Release dated October 12, 2000.
99.2	99	Press Release dated October 17, 2000.

- (1) Incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-K filed March 20, 2000.
- (2) Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed October 24, 1997.
- (3) Incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on April 21, 1997.
- (4) Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on April 21, 1997.
- (5) Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on March 11, 1998.
- (6) Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A filed on March 17, 1999.
- (7) Incorporated by reference to Exhibit 2 to the Registrant's Form 8-A filed on August 3, 1994 (File No. 1-8923).
- (8) Incorporated by reference to Exhibits 1-4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1993.
- (9) Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on April 8, 1997.
- (10) Incorporated by reference to Exhibit 4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.
- (11) Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-1237) filed on February 27, 1996.

- (12) Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-1239) filed on February 27, 1996.

CREDIT AGREEMENT

by and among

HEALTH CARE REIT, INC.,
AND CERTAIN SUBSIDIARIES
as Borrowers,

BANK UNITED
as Agent and as Lender

and

THE LENDERS PARTY HERETO FROM TIME TO TIME

February 24, 1999

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of February 24, 1999 (the "Agreement"), is made by and among HEALTH CARE REIT, INC., a Delaware corporation having its principal place of business in Toledo, Ohio ("HCN"), and such Subsidiaries of HCN designated as Borrowers herein or pursuant to Section 2.4 and any Assumption Letter (HCN and such Subsidiaries individually a "Borrower" and being collectively called the "Borrowers"), BANK UNITED, a federal savings bank organized and existing under the laws of the United States ("Bank United"), in its capacity as a Lender, and each other financial institution executing and delivering a signature page hereto and each other financial institution which may hereafter execute and deliver an instrument of assignment with respect to this Agreement pursuant to Section 12.1 (hereinafter such financial institutions may be referred to individually as a "Lender" or collectively as the "Lenders"), and BANK UNITED, a federal savings bank organized and existing under the laws of the United States, in its capacity as agent for the Lenders (in such capacity, and together with any successor agent appointed in accordance with the terms of Section 11.7, the "Agent");

W I T N E S S E T H :

WHEREAS, the Borrowers have requested that the Lenders make available to the Borrower a revolving credit facility of up to \$75,000,000, the proceeds of which are to be used for general corporate purposes; and

WHEREAS, the Lenders are willing to make such revolving credit facility available to the Borrowers upon the terms and conditions set forth herein;

NOW, THEREFORE, the Borrowers, the Lenders and the Agent hereby agree as follows, intending to be legally bound hereby:

ARTICLE I

Definitions and Terms

1.1. Definitions. For the purposes of this Agreement, in addition to the definitions set forth above, the following terms shall have the respective meanings set forth below:

"Advance" means a borrowing under the Revolving Credit Facility consisting of a Loan.

"Affiliate" means any Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with any Borrower; or (ii) which beneficially owns

or holds 10% or more of any class of the outstanding voting stock of any Borrower; or 10% or more of any class of the outstanding voting stock of which is beneficially owned or held by any Borrower. The term "control" means the possession,

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directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

"Agent" means Bank United as agent for the Lenders and any successor agent appointed hereunder and, until such time as there is more than one Lender, shall mean Bank United as a Lender.

"Aggregate Borrowing Base Covenant Default" means the failure of Projects with Project Borrowing Bases representing more than fifteen percent (15%) of the Borrowing Base to comply with the Borrowing Base Covenants; provided, however, that for the purposes of this definition of "Aggregate Borrowing Base Covenant Default" only, the Project Borrowing Base of any Project not in compliance with the Borrowing Base Covenants shall be computed without regard to any Borrowing Base Adjustment resulting from such non-compliance.

"Aggregate Debt Service Coverage Ratio" means, with respect to all Stabilized Projects as of the date of determination thereof, the ratio of (i) Aggregate Stabilized Project NOI for such period to (ii) Aggregate Stabilized Project Debt Service for such period.

"Aggregate Stabilized Project Debt Service" means, as of the date of determination thereof, the sum of the Project Debt Service for all Eligible Stabilized Projects.

"Aggregate Stabilized Project NOI" means, as of the date of determination thereof, the sum of the Project NOI for all Eligible Stabilized Projects.

"Applicable Commitment Percentage" means, for each Lender at any time, a fraction, with respect to the Revolving Credit Facility, the numerator of which shall be such Lender's Revolving Credit Commitment and the denominator of which shall be the lesser of (a) the Maximum Available Amount and (b) the Total Revolving Credit Commitment, which Applicable Commitment Percentage for each Lender as of the Closing Date is as set forth in Exhibit A; provided that the Applicable Commitment Percentage of each Lender shall be increased or decreased to reflect any assignments to or by such Lender effected in accordance with Section 12.1.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an affiliate of such Lender) designated for such Type of Loan on the signature pages hereof or such other office of such Lender (or an affiliate of such Lender) as such Lender may from time to time specify to the Agent and the Borrowers by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Period" means, with respect to each Project and each Project Debt Service Ratio:

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(i) as of the last day of each fiscal quarter of HCN,

the immediately prior one fiscal quarter of HCN until such time as the Project Debt Service Ratio for such one fiscal quarter period is not less than 1.25 to 1.00;

(ii) as of the last day of the next succeeding fiscal quarter of HCN following satisfaction of the Project Debt Service Ratio of 1.25 to 1.00 requirement as set forth in (i) above, the immediately prior two fiscal quarters of HCN;

(iii) as of the last day of the next succeeding fiscal quarter, the immediately prior three fiscal quarters of HCN, so long as the Project Debt Service Ratio with respect to such Project was not less than 1.25 to 1.00 as of the date set forth in (ii) above; and

(iv) as of the last day of the next succeeding fiscal quarter and thereafter, the immediately preceding Four-Quarter Period of HCN.

"Appraisal" means an appraisal providing an assessment of the fair market value of a Property (whether appraised on a stand-alone basis or "in bulk" together with similar Properties) which is independently and impartially prepared by an MAI appraiser having substantial experience in the appraisal of health care facilities and conforming to Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.

"Appraised Value" means, with respect to any Project, the value of such Project reflected in the most recent Appraisal prepared with respect to such Project.

"Assessment Rate" means, at any time, the rate (rounded upwards, if necessary, to the nearest 1/100 of one percent) then charged by the Federal Deposit Insurance Corporation (or any successor) to the Reference Bank for deposit insurance for Dollar time deposits with the Reference Bank at the Principal Office as determined by the Reference Bank.

"Assignment Agreement" means, collectively (or individually as the context may indicate), (i) each Assignment of Loan Documents and Security Agreement dated as of the date hereof by a Borrower to the Agent, and (ii) any additional Assignment of Loan Documents and Security Agreement delivered to the Agent in connection with the execution by a Borrowing Subsidiary of an Assumption Letter or the addition of a Project to the Borrowing Base as an Eligible Project, as hereafter modified, amended or supplemented from time to time, in the form of Exhibit O.

"Assignment and Acceptance" shall mean an Assignment and Acceptance in the form of Exhibit B (with blanks appropriately filled in) delivered to the Agent in connection with an assignment of a Lender's interest under this Agreement pursuant to Section 12.1.

"Assignment of Leases" means, collectively (or individually as the context may indicate), (i) each Assignment of Leases and Lease Guaranties dated as of the date hereof by

a Borrower to the Agent, and (ii) any additional Assignment of Leases and Lease Guaranties delivered to the Agent in connection with the execution by a Borrowing Subsidiary of an Assumption Letter or the addition of a Project to the Borrowing Base as an Eligible Project, as hereafter modified, amended or supplemented from time to time, in the

form of Exhibit Q.

"Authorized Representative" means, with respect to the Borrowers, the officers of the Borrowers who have been authorized by the Board of Directors of HCN (or the appropriate committee thereof) to execute any and all documents related to this transaction, including but not limited to the President, Vice President, Chief Financial Officer, and Secretary of HCN, or any other Person expressly designated by the Board of Directors of HCN (or the appropriate committee thereof) as an Authorized Representative of the Borrowers, as set forth from time to time in a certificate in the form of Exhibit C.

"Balloon Payments" means, as of any date as of which the amount thereof shall be determined, with respect to HCN on a consolidated basis, an amount equal to (x) its aggregate obligation to make payments of principal in respect of Indebtedness having a maturity during the immediately succeeding six (6) month period, less (y) the sum of Cash and the total unused availability under this Agreement; provided, however, any Indebtedness with respect to which HCN (or any of its Subsidiaries) has received a commitment for the renewal or other refinancing of such Indebtedness shall not be included in the computation of Balloon Payments and provided, further, if the calculation of the amount of Balloon Payments results in a negative number, then the amount thereof shall be deemed to be zero (0).

"Board" means the Board of Governors of the Federal Reserve System (or any successor body).

"Borrowers' Accounts" means a demand deposit account of the Borrowers or any successor account with the Agent, which may be maintained at one or more offices of the Agent or an agent of the Agent.

"Borrowing Base" means, at any date of determination thereof, the sum of the Project Borrowing Bases at such date of all Eligible Projects, adjusted as herein provided.

"Borrowing Base Adjustment" means the amount of adjustment to a Project Borrowing Base resulting from the occurrence of a Borrowing Base Adjustment Event, as specified in the definition of Borrowing Base Adjustment Event.

"Borrowing Base Adjustment Certificate" means a certificate in the form of Exhibit M hereto.

"Borrowing Base Adjustment Event" means the occurrence of any of the following events or conditions with respect to any Eligible Project, each of which occurrences shall

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result in the adjustment to the affected Project Borrowing Base, or the Borrowing Base, as applicable, set forth opposite such event or condition:

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	Base as provided in the definition of Project Borrowing Base, upon delivery to the Agent of an Eligible Project Certificate demonstrating satisfaction of the conditions for such change in Project Classification.
Occurrence of a Project Credit Event	Reduction of Project Borrowing Base to \$0.
Occurrence of a Project Impairment Event	Reduction of Project Borrowing Base to an amount determined by the Agent after consultation with HCN to provide approximately the same advance rate in respect of the Eligible Project after giving effect to any diminution in value, utility, marketability, or creditworthiness resulting from such event.
Project's continuation as part of the Borrowing Base for a period in excess of 60 months	Reduction of Project Borrowing Base to \$0 and removal from the Borrowing Base.
Failure to meet a Borrowing Base Covenant applicable to such Project for a period of three months	Reduction of Project Borrowing Base by 20%.
Failure to meet a Borrowing Base Covenant applicable to such Project for a period of six months	Reduction of Project Borrowing Base by 100%.
The Aggregate Debt Service Coverage Ratio is less than 1.25 to 1.00 for a period of three months	Reduction of Project Borrowing Base of all Stabilized Projects included in the Borrowing Base by 20%.
The Aggregate Debt Service Coverage Ratio is less than 1.25 to 1.00 for a period of six months	Reduction of Project Borrowing Base of all Stabilized Projects included in the Borrowing Base by 100%.

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Full remedy of a prior failure to meet a Borrowing Base Covenant applicable to such Project that resulted in a prior reduction of the related Project Borrowing Base	Increase of Project Borrowing Base by amount of prior reduction (restoration to original amount appropriate to the current Project Classification).
Disposition of Project	Reduction of Project Borrowing Base by 100% and removal of such Project from the Borrowing Base
Release of Project from Liens of the Security Instruments	Reduction of Project Borrowing Base to \$0 and removal from the Borrowing Base.
Removal of Project from the Borrowing Base	Reduction of Project Borrowing Base to \$0 and removal from the Borrowing Base.
Addition of New Eligible Project to the Borrowing Base	Inclusion of the Project Borrowing Base for such Project in the Borrowing Base at the appropriate Project Classification and recalculation of the Borrowing Base.
Continuance of an Aggregate Borrowing Base Covenant Default for a period of three months	Reduction of Borrowing Base by 20%.
Continuance of an Aggregate Borrowing Base Covenant Default for a period of six months	Reduction of Borrowing Base by 100%.

"Borrowing Base Certificate" means a certificate in the form of Exhibit K hereto.

"Borrowing Base Covenants" means:

(i) with respect to each Project, such Project has not continued as part of the Borrowing Base for a period in excess of sixty (60) months;

(ii) with respect to each Construction Project, the period of construction for such Construction Project has not extended more than 90 days beyond the original construction

schedule furnished to the Agent;

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(iii) with respect to each Lease-Up Project, the deadline originally established by HCN (and approved by the Agent) for such Lease-Up Project to meet the Project Debt Service Coverage Ratio has not expired by more than 90 days without compliance with such ratio;

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(iv) with respect to each Stabilized Project, such Stabilized Project has a Project Debt Service Coverage Ratio for the Applicable Period of not less than 1.25 to 1.00.

"Borrowing Base Covenant Certificate" means a certificate in the form of Exhibit N hereto.

"Borrowing Notice" means the notice delivered by an Authorized Representative in connection with an Advance under the Revolving Credit Facility, in the form of Exhibit D.

"Borrowing Subsidiary" means each of those Subsidiaries listed on Schedule 1.1 as a Borrower under the Revolving Credit Facility and such other Subsidiaries of HCN that are so designated pursuant to Section 2.4 hereof; provided, however, that only Subsidiaries that are wholly-owned direct or indirect Subsidiaries of HCN may be Borrowing Subsidiaries.

"Business Day" means, any day which is not a Saturday, Sunday or a day on which banks in the State of Texas or Ohio are authorized or obligated by law, executive order or governmental decree to be closed.

"Capital Expenditures" means, for any period, the aggregate amount of all payments made or to be made during such period by any Person directly or indirectly for the purpose of acquiring, constructing or maintaining fixed assets, real property or equipment that, in accordance with GAAP, would be added as a debit to the fixed asset account of such Person, including, without limitation, all amounts paid or payable during such period with respect to Capitalized Lease Obligations and interest that are required to be capitalized in accordance with GAAP.

"Capital Leases" means all leases which have been or should be capitalized in accordance with GAAP as in effect from time to time including Statement No. 13 of the Financial Accounting Standards Board and any successor thereof.

"Cash" means, with respect to any Person, such Person's cash and cash equivalents, as defined in accordance with GAAP applied on a Consistent Basis.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq.

"Closing Date" means the date as of which this Agreement is executed by the Borrowers, the Lenders and the Agent and on which the conditions set forth in Section 6.1 have been satisfied.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

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"Collateral" means, collectively, all Project Collateral and any other property of any Borrower, any Subsidiary or any other Person in which the Agent and the Lenders, or any of them, is granted a Lien under any Security Instrument for all or any portion of the Obligations.

"Compliance Certificate" means a certificate of an Authorized Representative demonstrating compliance with the covenants contained in Sections 9.1, 9.2(c), 9.2(f) and 9.12 as of the date of such certificate, substantially in the form of Exhibit H.

"Consistent Basis" in reference to the application of GAAP means the accounting principles observed in the period referred to are comparable in all material respects to those applied in the preparation of the audited financial statements of HCN referred to in Section 7.11(a).

"Construction Investments" means financing extended by HCN with respect to a Project which is under construction, has not received a certificate of occupancy and the Borrower(s) conditions for conversion to permanent financing for the Project have not been satisfied.

"Construction Project" means a Project which is under construction without material delay, deviation from the applicable plans and specifications, or cost overrun, unless otherwise authorized by HCN, with notice to the Agent.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, guaranty, letter of credit or other obligation (each a "primary obligation") of another Person (the "primary obligor"), whether or not contingent, (a) to purchase, repurchase or otherwise acquire any such primary obligation or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor in respect of any such primary obligation or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of such primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor thereof to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss or failure or inability to perform in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

"Continue", "Continuation", and "Continued" shall refer to the continuation pursuant to Section 3.2 hereof of a LIBOR Rate Loan as a LIBOR Rate Loan from one Interest Period to the next Interest Period.

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"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated)

under common control which, together with HCN, are treated as a single employer under Section 414(b), 414(c) or 414(m) of the Code and Section 4001(a)(2) of ERISA.

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 3.2 of one Type of Loan into another Type of Loan.

"Credit Parties" means, collectively, all Borrowers and each other Person providing Collateral pursuant to any Security Instrument.

"Credit Support Provider" means, with respect to any Project, any Person executing any guaranty, letter of credit or other credit support document with respect to the obligations of any Operator or any Affiliate of an Operator pertaining to the construction, development or operation of such Project, including without limitation any obligation of such Operator or Affiliate arising under an Operating Lease, loan agreement, management agreement, construction agreement, operating agreement or other similar document.

"Default" means any event or condition which, with the giving or receipt of notice or lapse of time or both, would constitute an Event of Default hereunder.

"Default Rate" means (i) with respect to each LIBOR Rate Loan, until the end of the Interest Period applicable thereto, a rate of two percent (2%) above the LIBOR Rate applicable to such Loan, and thereafter at a rate of interest per annum which shall be two percent (2%) above the Prime Rate, (ii) with respect to Prime Rate Loans and fees, at a rate of interest per annum which shall be two percent (2%) above the Prime Rate, and (iii) in any case, the maximum rate permitted by applicable law, if lower.

"Developer" means, with respect to any Project, the Person responsible for the development and construction of such Project.

"Disposition" means the sale, lease, conveyance, transfer or other disposition of any Project (whether in one or a series of transactions), including accounts and notes receivable (with or without recourse) and sale-leaseback transactions.

"Disposition Net Proceeds" means, with respect to any Disposition, the proceeds in Cash received by any of the Borrowers upon or simultaneously with such Disposition, net of (i) direct costs of such Disposition, (ii) any taxes paid or payable by the recipient of such proceeds, and (iii) amounts required to be applied to repay any Indebtedness secured by a lien on the asset which is the subject of the Disposition.

"Dollars" and the symbol "\$" means dollars constituting legal tender for the payment of public and private debts in the United States of America.

"EBITDA" means, for any period, with respect to HCN on a consolidated basis, determined in accordance with GAAP applied on a Consistent Basis, the sum of net income (or net loss) for such period plus, the sum of all amounts treated as expenses for: (a) interest, (b) depreciation, (c) amortization, and (d) all accrued-taxes on or measured by income to the extent included in the determination of such net income (or net loss); provided, however, that net income (or net loss) shall be computed without giving effect to extraordinary losses or gains.

"EBITDAR" means, for any period of computation thereof, with respect to any Project, pre-tax net income plus Operator Interest Expense, Mortgage Expense (but excluding therefrom any amounts relating to principal), Lease Rental Expense, depreciation, amortization and management fees as reported by the Operator less an imputed management fee equal to five percent (5%) of the Project's net revenues; provided, however, that net income (or net loss) shall be computed without giving effect to extraordinary losses or gains.

"Eligible Assignee" means (i) a Lender, (ii) an affiliate of a Lender, and (iii) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 12.1, HCN, such approval not to be unreasonably withheld or delayed by HCN and such approval to be deemed given by HCN (in the absence of notice to the contrary, effective upon receipt) within two Business Days after notice of such proposed assignment has been provided by the assigning Lender to HCN; provided, however, that neither HCN nor an Affiliate of HCN shall qualify as an Eligible Assignee.

"Eligible Construction Project" means a Construction Project with respect to which (i) all conditions precedent to inclusion in the Borrowing Base as a Construction Project have been satisfied, and (ii) an Eligible Project Certificate has been executed by the Borrowers and delivered to the Agent, together with all related documents required to be delivered to the Agent as therein or herein specified.

"Eligible Lease-Up Project" means a Lease-Up Project with respect to which (i) all conditions precedent to inclusion in the Borrowing Base as a Lease-Up Project have been satisfied, and (ii) an Eligible Project Certificate has been executed by the Borrowers and delivered to the Agent, together with all related documents required to be delivered to the Agent as therein or herein specified.

"Eligible Project" means any of an Eligible Construction Project, an Eligible Lease-Up Project or an Eligible Stabilized Project.

"Eligible Project Certificate" means a certificate in the form of (i) Exhibit L-1 hereto, with respect to any Construction Project, (ii) Exhibit L-2 hereto, with respect to any Lease-Up Project, and (iii) Exhibit L-3 hereto, with respect to any Stabilized Project.

"Eligible Stabilized Project" means a Stabilized Project with respect to which (i) all conditions precedent to inclusion in the Borrowing Base as a Stabilized Project have been

satisfied, and (ii) an Eligible Project Certificate has been executed by the Borrowers and delivered to the Agent, together with all related documents required to be delivered to the Agent as therein or herein specified.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA which is subject to ERISA and (a) is maintained for employees of HCN or any other member of the Controlled Group, or (b) with respect to which any Credit Party has any liability.

"Environmental Laws and Regulations" means all federal, state and local environmental laws, regulations, ordinances, orders, judgments and decrees applicable to the Borrowers or any other Credit Party, or any of their respective assets or properties.

"Environmental Liability" means any liability under any applicable Environmental Laws and Regulations for any disposal, release or threatened release of a hazardous substance pollutant or contaminant as those terms are defined under CERCLA, and any liability which would require a removal, remedial or response action, as those terms are defined under CERCLA, by any person or by any environmental regulatory body having jurisdiction over HCN or any of its Subsidiaries and/or any liability arising under any Environmental Laws and Regulations for HCN's or any Subsidiary's failure to comply with such laws and regulations, including without limitation, the failure to comply with or obtain any applicable environmental permit.

"Environmental Proceeding" means any judgment, action, proceeding or investigation pending before any court or governmental authority, with respect to HCN or any Subsidiary and arising under or relating to any Environmental Laws and Regulations.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"ERISA Affiliate" means, as applied to any Credit Party, any corporation, person or trade or business which is a member of a group which is under common control with any Credit Party, who together with any Credit Party, is treated as a single employer within the meaning of Section 414(b) - (o) of the Code and, if applicable, Section 4001 (a) (14) and (b) of ERISA.

"Event of Default" means any of the occurrences set forth as such in Section 10.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

"Facility Termination Date" means such date as all of the following shall have occurred: (a) the Borrowers shall have permanently terminated the Revolving Credit Facility by payment in full of all Revolving Credit Outstandings, together with all accrued and unpaid

interest thereon, (b) all Swap Agreements shall have been terminated, expired or cash collateralized, (c) all Revolving Credit Commitments shall have terminated or expired and (d) the Borrowers shall have fully, finally and irrevocably paid and satisfied in full all Obligations (other than Obligations consisting of continuing indemnities and other contingent Obligations of any Borrower that may be owing to the Lenders pursuant to the Loan Documents and expressly survive termination of this Agreement).

"Financial Statements" means the most recently dated of those financial statements described in Section 7.1(a) and Section 8.1 hereof.

"Fiscal Year" means the twelve month fiscal period of HCN and its Subsidiaries commencing on January 1 of each calendar year and ending on December 31 of each calendar year.

"Fixed Charge Coverage" means, with respect to any Project, the ratio of: (i) EBITDAR, to (ii) the sum of Operator Interest Expense (but excluding therefrom any Operator Interest Expense the payment of which is subordinated to the payment of Indebtedness owing to any of the Borrowers), Lease Rental Expense, Mortgage Expense and principal paid with respect to Indebtedness of Operators (other than Indebtedness

relating to a Mortgage) which is not subordinated to the Borrowers; all of the foregoing calculated as at any date of determination thereof by reference to the immediately preceding four fiscal quarters and based upon the financial statements provided to HCN by each Operator for the immediately preceding four fiscal quarters of each Operator.

"Fleet Agreement" means the Loan Agreement dated as of March 28, 1997, by and among Health Care REIT, Inc. and certain Subsidiaries of Health Care REIT, Inc. as Borrowers, KeyBank National Association, as Administrative Agent and a lender, Fleet Bank, N.A., as Syndication Agent and a lender, and the lenders from time to time party thereto, as amended by that certain Amendment No. 1 to Loan Agreement dated as of October 1, 1998, and (unless the context indicates otherwise) as from time to time amended, restated or supplemented.

"Four-Quarter Period" means a period of four full consecutive fiscal quarters of HCN and its Subsidiaries, taken together as one accounting period.

"Funded Indebtedness" means, as of any date of determination thereof, all Indebtedness of any Person, determined in accordance with GAAP, which by its terms matures more than one year after the date of calculation, and any such Indebtedness maturing within one year from such date which is renewable or extendable at the option of the obligor to a date more than one year from such date, including, in any event, the Loans.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles, being those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public

Accountants, or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report.

"Government Securities" means direct obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Governmental Authority" shall mean any Federal, state, municipal, national or other governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Hazardous Materials" means any toxic chemical, hazardous substances, contaminants or pollutants, medical wastes, infectious wastes, or hazardous wastes.

"HCN" means Health Care REIT, Inc., a Delaware corporation with its principal place of business in Toledo, Ohio.

"HCN's Fixed Coverage Ratio" means, as at the last day of any fiscal quarter, with respect to the immediately preceding Four-Quarter Period ending on such date, the ratio of (x) EBITDA, to the sum of (y) Interest Expense, cash dividends and Balloon Payments.

"Healthcare Assets" means, as of any date as of which the amount thereof is to be determined, the aggregate amount equal to the sum of:

(i) the lesser of the Appraised Value or purchase price of each Project owned entirely by a Borrower and leased to an Operator; plus

(ii) the lesser of the Appraised Value of any Project encumbered by a mortgage in favor of a Borrower or the outstanding principal amount of the mortgage in favor of a Borrower which encumbers any such Project.

"Indebtedness" means, with respect to any Person, all: (a) liabilities or obligations, direct or contingent, which in accordance with GAAP applied on a Consistent Basis would be included in determining total liabilities as shown on the liability side of the balance sheet of such Person at the date as of which Indebtedness is to be determined, including, without limitation, contingent liabilities that in accordance with such principles, would be set forth in a specific Dollar amount on the liability side of the balance sheet, and Capital Leases of such Person; (b) liabilities or obligations of others for which such Person is directly or indirectly liable, by way of guaranty (whether by direct guaranty, suretyship, discount, endorsement, take-or-pay agreement, agreement to purchase or advance of keep in funds or other agreement having the effect of a guaranty) or otherwise; (c) liabilities or obligations secured by Liens on any assets of such Person, whether or not such liabilities or obligations

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shall have been assumed by it; and (d) liabilities or obligations of such Person, direct or contingent, with respect to letters of credit issued for the account of such Person and bankers acceptances created for such Person.

"Interest Coverage" means, as at the last day of any fiscal quarter, the quotient, expressed as a percentage (which may be in excess of 100%), determined by dividing EBITDA by Interest Expense; all of the foregoing calculated by reference to the immediately preceding Four-Quarter Period ending on such date of determination.

"Interest Expense" means, for any period, on a combined basis, the sum of all interest paid or payable (excluding unamortized debt issuance costs) on all items of Indebtedness of the Borrowers outstanding at any time during such period.

"Interest Period" means, for each LIBOR Rate Loan, a period commencing on the date such LIBOR Rate Loan is made or Converted or Continued and ending on the date one month thereafter as notified to the Agent by the Authorized Representative in accordance with the terms hereof; provided that,

(i) if an Interest Period for a LIBOR Rate Loan would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day (unless such extension would cause the applicable Interest Period to end in the succeeding calendar month, in which case such Interest Period shall end on the next preceding Business Day); and

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interest Rate Selection Notice" means the written notice delivered by an Authorized Representative in connection with the

election of a subsequent Interest Period for any LIBOR Rate Loan or the Conversion of any LIBOR Rate Loan into a Prime Rate Loan or the Conversion of any Prime Rate Loan into a LIBOR Rate Loan, in the form of Exhibit E.

"Latest Balance Sheet" means the latest balance sheet included in the Financial Statements.

"Lease Project" means a Project owned entirely by a Borrower and leased to the Tenant of such Project.

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"Lease-Up Project" means a Project with respect to which (i) construction has been completed, (ii) such Project has been opened without material delay, (iii) the Borrowers have delivered to the Agent certificates demonstrating that such Lease-Up Project has been completed in substantial compliance with the applicable plans and specifications furnished to the Borrowers, (iv) the Borrowers have received and have delivered to the Agent, within 60 days of the date of completion of such Project, evidence that final waivers of general contractor liens have been delivered, (v) the Borrowers and the Agent, as applicable, have received an updated title policy with respect to such Lease-Up Project within 60 days of the date of completion of such Project, (vi) requisite certificates of occupancy for such Lease-Up Project have been issued, and (vii) the licenses required for operation thereof have been obtained or are to be issued within ninety (90) days from the date of commencement of operations, or such Project is in compliance with all applicable regulations and requirements of any applicable Governmental Authority relating to the operation thereof.

"Lease Rental Expense" means, for any period and with respect to any Lease Project the total amount payable during such period by the lessee of such Project to any Borrower, including, without limitation, (a) base rent (as adjusted from time to time), plus (b) all incremental charges to which the Project is subject under the lease relating thereto.

"LIBOR Base Rate" means, with respect to any LIBOR Rate Loan, for any Interest Period applicable thereto, the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of one percent) quoted by the Reference Bank at approximately 11:00 a.m. London time (or as soon thereafter as practicable) two (2) LIBOR Business Days prior to the first day of such Interest Period as the rate at which the Reference Bank is offered Dollar deposits in the London interbank market where the LIBOR and foreign currency and exchange operations of the Reference Bank are customarily conducted, having a term of one (1) month and in an amount comparable to the principal amount of the LIBOR Rate Loan to be made by the Lenders to which such Interest Period relates.

"LIBOR Business Day" means a Business Day on which dealings in dollar deposits are carried out in the London interbank market.

"LIBOR Rate" means, with respect to any LIBOR Rate Loan for the Interest Period applicable thereto, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of one percent (1%)) determined by the Agent to be equal to: (a) the LIBOR Base Rate for such Loan for such Interest Period, divided by (b) one (1) minus the Reserve Requirement for such Loan for such Interest Period, plus (c) two percent (2%) ; provided, however, that, for purposes of computing the interest payable on LIBOR Rate Loans, in no event shall the LIBOR Rate be deemed to be less than 7.00% per annum. The Agent shall use its best efforts to advise the Borrowers of the LIBOR Rate as soon as practicable after each change in the LIBOR Rate; provided, however, that the failure of the Agent so to advise the Borrowers on any one or

more occasions shall not affect the rights of the Lenders or the Agent or the obligations of the Borrowers hereunder.

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"LIBOR Rate Loan" means any Loan for which the rate of interest is determined by reference to the LIBOR Rate.

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"Lien" means any interest in property securing any obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. For the purposes of this Agreement, HCN and any Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, financing lease, or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes.

"Loan" or "Loans" means any borrowing pursuant to an Advance under the Revolving Credit Facility consisting of a Prime Rate Loan or a LIBOR Rate Loan.

"Loan Agreement" means (collectively or individually, as the context may indicate), with respect to any Mortgage Project, the loan agreement or other agreement between the applicable Operator and the applicable Borrower, pursuant to which such Borrower is obligated to make advances of Project Costs and other amounts to such Operator.

"Loan Documents" means this Agreement, the Notes, the Security Instruments, and all other instruments and documents heretofore or hereafter executed or delivered to or in favor of any Lender or the Agent in connection with the Loans made and transactions contemplated under this Agreement, as the same may be amended, supplemented or replaced from the time to time.

"Long-Term Care Facilities" means health care facilities comprised of nursing facilities, assisted living facilities and retirement facilities or combinations thereof.

"Manager" means, with respect to any Project, the Person responsible for the day to day operations of such Project.

"Material Adverse Effect" means any fact or circumstance which (a) materially and adversely affects the business, operation, property or financial condition of the Borrowers taken as a whole, or (b) has a material adverse effect on the ability of the Borrowers to perform their respective Obligations.

"Maximum Available Amount" means (i) as of the Closing Date, \$50,000,000, and (ii) at any time thereafter, the sum of \$50,000,000 and (y) the aggregate amount of increases in the Maximum Available Amount theretofore expressly provided for at Bank United's sole option in assignments effected by Bank United of any portion of its Revolving Credit Commitment pursuant to Assignment and Acceptances in accordance with Section 12.1 at any time during which Bank United shall hold Revolving Notes in a stated amount in excess of \$50,000,000; provided, however, that (a) the Maximum Available Amount shall at no time exceed the Total Revolving Credit Commitment, and (b) each such increase in

the Maximum Available Amount shall be deemed to be a portion of Bank United's Revolving Credit

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Commitment assigned by it; provided, further, that nothing herein shall be deemed to require any assignment by Bank United to increase the Maximum Available Amount.

"Mortgage" means, collectively (or individually as the context may indicate), each Credit-Line Deed of Trust, Mortgage, Open-End Mortgage, Deed of Trust, Deed to Secure Debt, Leasehold Mortgage, Open-End Leasehold Mortgage, Leasehold Deed of Trust, Leasehold Deed to Secure Debt, Security Agreement, Fixture Filing, Assignment of Leases and Rents and Financing Statement or similar mortgage instrument, and any collateral assignment of any of the above items, by any Borrower or any other Person granting a Lien for the benefit of the Agent and the Lenders now or hereafter entered into in connection with this Agreement to secure the Obligations, as from time to time further amended, supplemented or restated, in the form of Exhibit P.

"Mortgage Expense" means, for any period and with respect to any Mortgage Project, the total amount payable during such period by the mortgagor of such Project to any Borrower, including, without limitation, (a) interest and principal (as adjusted from time to time) plus (b) all incremental charges to which the Project is subject under the mortgage.

"Mortgage Project" means a Project encumbered by a mortgage on the real property of such Project by the Tenant of such Project as mortgagor in favor of a Borrower as the sole mortgagee.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Credit Party or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) years.

"Net Proceeds" means, with respect to any equity offering, cash payments received by any Borrower therefrom as and when received, net of all legal, accounting, banking and underwriting fees and expenses, commissions, discounts and other issuance expenses incurred in connection therewith and all taxes required to be paid or accrued as a consequence of such issuance.

"Notes" means, collectively, the promissory notes of Borrowers evidencing Loans executed and delivered to the Lenders as provided in Section 2.3 and in accordance with any Assumption Letter, substantially in the form of Exhibit F.

"Obligations" means the obligations, liabilities and Indebtedness of the Borrowers with respect to (i) the principal and interest on the Loans as evidenced by the Notes, (ii) all liabilities of any Borrower to any Lender, or any affiliate of a Lender, which arise under a Swap Agreement, and (iii) the payment and performance of all other obligations, liabilities and Indebtedness of any Borrower to the Lenders or the Agent hereunder, under any one or more of the other Loan Documents or with respect to the Loans.

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"Operating Documents" means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the bylaws, operating agreement, partnership agreement, limited partnership agreement or other applicable documents relating to the operation, governance or management of such entity.

"Operating Lease" means (collectively or individually, as the context may indicate), with respect to any Lease Project, the operating lease or other agreement between the applicable Operator and the applicable Borrower pursuant to which such Borrower is obligated to make advances of Project Costs and other amounts to such Operator or another Operator of such Lease Project, or any Operator of such Lease Project is obligated to make lease payments to such Borrower in connection with the construction or operation of such Project, or both.

"Operator Interest Expense" means, for any period of computation thereof, the sum of all interest on, and all amortization of debt discount and expenses on, all Indebtedness of an Operator outstanding at any time during such period but excluding any amounts which constitute Mortgage Expense.

"Operators" means, collectively (or individually as the context may indicate) with respect to any Project, the Tenant, Developer and Manager of such Project.

"Organizational Action" means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, any corporate, organizational or partnership action (including any required shareholder, member or partner action), or other similar official action, as applicable, taken by such entity.

"Organizational Documents" means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the articles of incorporation, certificate of incorporation, articles of organization, certificate of limited partnership or other applicable organizational or charter documents relating to the creation of such entity.

"PBGC" means the Pension Benefit Guaranty Corporation and any successor thereto.

"Plan" means, at any time, an employee pension benefit plan that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either: (a) maintained by HCN or any member of the Controlled Group for employees of HCN, or by HCN for any other member of such Controlled Group, or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which HCN or any member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Permitted Liens" means, as to any Person: (a) pledges or deposits by such Person under workers' compensation laws, unemployment insurance laws, social security laws, or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness of such Person), or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of Cash or United States Government Bonds to secure surety, appeal, performance or other similar bonds to which such Person is a party, or deposits as security for

contested taxes or import duties or for the payment of rent; (b) Liens imposed by law, such as carriers', warehousemen's, materialmen's and mechanics' liens, or Liens arising out of judgments or awards against such Person with respect to which such Person at the time shall currently be prosecuting an appeal or proceedings for review; (c) Liens for taxes not yet subject to penalties for nonpayment and Liens for taxes the payment of which is being contested as permitted by Section 8.7 hereof; (d) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of, others for rights of way, highways and railroad crossings, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties; and (e) Liens incidental to the conduct of the business of such Person or to the ownership of such Person's property that were not incurred in connection with Indebtedness of such Person, all of which Liens referred to in this clause (e) do not in the aggregate materially impair the value of the properties to which they relate or materially impair their use in the operation of the business taken as a whole of such Person, and as to all the foregoing only to the extent arising and continuing in the ordinary course of business.

"Person" means an individual, partnership, corporation, limited liability company, limited liability partnership, trust, unincorporated organization, association, joint venture or a government or agency or political subdivision thereof.

"Pooled Projects" means Projects which are commonly owned or operated by one Operator or an Affiliate thereof (as selected by the Borrowers), and the debt financings or leases of which are cross-defaulted and, with respect to mortgages in favor of any Borrower, are cross-collateralized.

"Prime Rate" means the per annum rate of interest established from time to time by the Agent as its prime rate, which rate may not be the lowest rate of interest charged by the Agent to its customers; provided, however, that, for purposes of computing the interest payable on Prime Rate Loans, in no event shall the Prime Rate be deemed to be less than 7.00%.

"Prime Rate Loan" means a Loan for which the rate of interest is determined by reference to the Prime Rate.

"Principal Office" means the principal office of Bank United, presently located at 3200 Southwest Freeway, Ste. 2900, Houston TX 77027-7528, or such other office and address as the Agent may from time to time designate.

"Project" means a health care facility offering health care services and related products that is a nursing facility, assisted living facility, retirement center, or long-term care facility, and facilities and services directly related thereto.

"Project Borrowing Base" means, at any date of determination thereof, with respect to each Eligible Project, the following respective amounts, subject in each case to further adjustment in the event of a Borrowing Base Adjustment Event with respect to such Project:

Eligible Project	Amount
Construction Project that is a Lease Project	50% of the actual aggregate Project Costs incurred to such date, in no event to exceed the lesser of 50% of (i) the "as stabilized" Appraised Value for such Project or (ii) the

total budget for Project Costs for such Project.

Construction Project that is
a Mortgage Project

50% of the lesser of (A) actual aggregate Project Costs incurred to such date and (B) the outstanding principal balance owed by any Operator of such Project to the applicable Borrower under the applicable Loan Agreement; provided, however, that in no event shall the Project Borrowing Base with respect to such Construction Project exceed the lesser of 50% of (i) the "as stabilized" Appraised Value for such Project or (ii) the total budget for Project Costs for such Project.

Lease-Up Project that is
a Lease Project

The lesser of 65% of (i) the "as stabilized" Appraised Value for such Lease-Up Project, (ii) the total budget for Project Costs for such Lease-Up Project, and (iii) the actual Project Costs incurred with respect to such Lease-Up Project.

Lease-Up Project that is
a Mortgage Project

The lesser of 65% of (i) the "as stabilized" Appraised Value for such Lease-Up Project, (ii) the total budget for Project Costs for such Lease-Up Project, (iii) the actual Project Costs incurred with respect to such Lease-Up Project, and (iv) the outstanding principal balance owed by any Operator of such Project to the applicable Borrower under the applicable Loan Agreement.

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Stabilized Project that is
a Lease Project

The lesser of 75% of (i) the "as stabilized" Appraised Value for such Stabilized Project, (ii) the total budget for Project Costs for such Stabilized Project, and (iii) the actual Project Costs incurred with respect to such Stabilized Project.

Stabilized Project that is
a Mortgage Project

The lesser of 75% of (i) the "as stabilized" Appraised Value for such Stabilized Project, (ii) the total budget for Project Costs for such Stabilized Project, (iii) the actual Project Costs incurred with respect to such Stabilized Project, and (iv) the outstanding principal balance owed by any Operator of such Project to the applicable Borrower under the applicable Loan Agreement.

"Project Classification" shall mean the classification a Project as a Construction Project, Lease-Up Project, or Stabilized Project in accordance with the terms hereof.

"Project Collateral" means, with respect to any Eligible Project, all property relating to such Eligible Project (other than equity interests (or warrants, options or other rights to acquire equity interests) in any Operator or Affiliate thereof) in which any Borrower has or acquires any interest, including without limitation all Project Documents and Rights.

"Project Costs" means, with respect to each Eligible Project, actual costs incurred, and funded by the Borrowers, for the acquisition, construction, improvement, and initial operations of such Project, (i) which costs are reflected in the total budget for such Project, (ii) which costs are permitted under any Operating Lease, loan agreement or other Project Document with respect to such Eligible Project, (iii) for which the requirements for the advancing of such costs by the applicable Borrower under the relevant Project Documents have been satisfied, and the applicable Borrower has certified such satisfaction to the Agent in a Borrowing Base Certificate or other appropriate document, (iv) for which the applicable Borrower has delivered to the Agent a copy of all documents required to be delivered to such Borrower by any Operator or other Person as a condition to the advance of such costs under the relevant Project Documents, and (v) which the Agent has otherwise approved as being acceptable in all respects for inclusion in the Project Borrowing Base of such Eligible Project as required by this Agreement.

"Project Credit Event" means, with respect to any Project, any event such as those listed below or any other event that is similar in

effect to those listed below that diminishes the value of a Project to the Borrowing Base, or the security interest of the Agent therein, to a de minimis level (i) any default or event of default or other material breach by the applicable Borrower, any Operator, any Credit Support Provider or any other Person party to any Project Document relating to such Project, to the extent such event results in a

material adverse effect on the business or operation of any Operator, Credit Support Provider, Borrower, or the affected Project in the reasonable judgment of the Agent, (ii) any invalidation of any Project Document relating to such Project, to the extent such event results in a material adverse effect on the business or operation of any Operator, Credit Support Provider, Borrower, or the affected Project in the reasonable judgment of the Agent, (iii) any bankruptcy, insolvency, receivership or other material adverse effect on the business or operations of any Operator, any Credit Support Provider or any other Person a material party to any Project Documents, (iv) the damage or destruction of substantially all of such Project or improvements of such Project, (v) the taking of substantially all of the real property or structures of such Project by any Governmental Authority or otherwise, (vi) a material or substantial impairment, or the release or termination or invalidation or rendering unenforceable, of any Security Instruments giving a Lien on such Project or any Collateral with respect to such Project to the Agent and the Lenders, or any of them, or a change in the priority thereof, (vii) any failure to obtain, within the time required by any applicable law, or any suspension, termination or revocation of, any license or permit required to be maintained by any Operator of any Project, which permit or license is required to operate the Project for the purposes intended and the absence of which is reasonably likely to have a material adverse effect on such Project, or (viii) the occurrence of a title defect or the exercise of rights under or pursuant to an encumbrance on the Project which results in a material adverse effect on either (A) the fee simple ownership of the applicable Borrower or the marketability of title to all or substantially all of the Project, or (B) the ability of the applicable Operator to operate the business then being conducted on the Project.

"Project Debt Service" means, with respect to any Stabilized Project for the Applicable Period ending on the date of computation thereof, the interest expense of the Borrower with respect to the Project Outstandings of such Stabilized Project for such Applicable Period.

"Project Debt Service Coverage Ratio" means, with respect to any Project for the Applicable Period ending on the date of computation thereof, the ratio of (i) Project NOI for such period to (ii) Project Debt Service for such period.

"Project Document" means, (i) with respect to any Lease Project, any Operating Lease, assignment agreement, security agreement, construction document, engineering document, design document, guaranty or other credit support document, and any other material document relating to such Lease Project, and (ii) with respect to any Mortgage Project, any mortgage, Loan Agreement, assignment of leases and rents, assignment agreement, security agreement, construction document, engineering document, design document, guaranty, and any other material document relating to such Mortgage Project.

"Project Documents and Rights" means, with respect to any Project and any Security Agreement, the definition given to such term in the applicable Security Agreement.

"Project Impairment Event" means, with respect to any Project, any event that diminishes the value of such Project to the Borrowing Base, or the security interest of the

Agent therein, to an amount less than its value at the time such Project was included in the Borrowing Base as an Eligible Project, but not so much as to constitute a Project Credit Event, such as: (i) the damage or destruction of any part of the Project or improvements of such Project, (ii) the taking of a portion of the real property or structures of any portion of such Project by any Governmental Authority, (iii) the partial and material impairment of any Security Instruments giving a Lien on such Project or any Collateral with respect to such Project to the Agent and the Lenders, or any of them, (iv) the failure to obtain, within the time required by applicable law, necessary operating permits, licenses or other governmental approvals with respect to such Project, so long as such failure affects the ability of any Operator or any other Person to operate such Project to a material degree but not in its entirety for its intended purpose, and (v) any modification of any necessary operating permits, licenses or other governmental approvals with respect to such Project, so long as such modification affects the ability of any Operator or any other Person to operate such Project to a material degree but not in its entirety for its intended purpose, or (viii) the occurrence of a title defect or the exercise of rights under or pursuant to an encumbrance on the Project which affects (A) the fee simple ownership of the applicable Borrower of a part of the Project or the marketability of title to a part of the Project, provided such event does not constitute a Project Credit Event under part (viii) of the definition thereof, or (B) impairs the ability of the applicable Operator to operate the business then being conducted on the Project, provided such event does not constitute a Project Credit Event under part (viii) of the definition thereof.

"Project Mortgage" means, collectively (or individually as the context may indicate), each Credit-Line Deed of Trust, Mortgage, Open-End Mortgage, Deed of Trust, Deed to Secure Debt, Leasehold Mortgage, Open-End Leasehold Mortgage, Leasehold Deed of Trust, Leasehold Deed to Secure Debt, Security Agreement, Fixture Filing, Assignment of Leases and Rents and Financing Statement or similar mortgage instrument, and any collateral assignment of any of the above items, by any Operator or any other Person granting a Lien for the benefit of any Borrower in connection with any Project heretofore, now or hereafter entered into by such Operator, as from time to time further amended, supplemented or restated.

"Project NOI" means, with respect to any Stabilized Project for the Applicable Period ending on the date of computation thereof, the net operating income earned by the Operators of such Stabilized Project allocable to such Stabilized Project, determined in accordance with GAAP.

"Project Outstandings" means, with respect to any Project at any date of measurement thereof, the Revolving Credit Outstandings allocable to such Project in accordance with the advances made by the applicable Borrower with respect to such Project.

"Property" means any estate or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Rate Hedging Obligations" means any and all obligations of HCN or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, Dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts, warrants and those commonly known as interest rate "swap" agreements; and (ii) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Reference Bank" means a bank appearing on the display designated as page "LIBOR" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBOR page on that service for the purpose of displaying London interbank offered rates of major banks); provided, that, if no such offered rate shall appear on such display, "Reference Bank" shall mean a bank in the London interbank offered market as selected by the Agent.

"Regulation D" means Regulation D of the Board as the same may be amended or supplemented from time to time.

"Regulatory Change" means, as to any Lender, any change effective after the Closing Date in United States federal, or state, or foreign, laws or regulations (including Regulation D and the laws of regulations that designate any assessment rate relating to certificates of deposit or otherwise (including the "Assessment Rate" if applicable to any Loan)) or the adoption or making after the Closing Date of any interpretations, directives or requests applying to a class of banks, including such Lender, of or under any United States federal, or state, or foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"REIT Status" means, with respect to any Person, (a) the qualification of such Person as a real estate investment trust under Sections 856 through 860 of the Code, and (b) the applicability to such Person and its shareholders of the method of taxation provided for in Sections 857 et seq. of the Code.

"Required Lenders" means, as of any date, Lenders on such date having Credit Exposures (as defined below) aggregating (i) if there shall be fewer than three (3) Lenders, 100% of the aggregate Credit Exposures of all Lenders on such date, and (ii) if there shall be three (3) or more Lenders, at least 66-2/3% of the aggregate Credit Exposures of all the Lenders on such date. For purposes of the preceding sentence, the amount of the "Credit Exposure" of each Lender shall be equal at all times (a) other than following the occurrence and during the continuance of an Event of Default, to its Revolving Credit Commitment, and (b) following the occurrence and during the continuance of an Event of Default, to the

aggregate principal amount of such Lender's Applicable Commitment Percentage of Revolving Credit Outstandings; provided that, for the purpose of this definition only, if any Lender shall have failed to fund its Applicable Commitment Percentage of any Advance, then the Revolving Credit Commitment of such Lender shall be deemed reduced by

the amount it so failed to fund for so long as such failure shall continue and such Lender's Credit Exposure attributable to such failure shall be deemed held by any Lender making more than its Applicable Commitment Percentage of such Advance to the extent it covers such failure.

"Reserve Requirement" means, for any LIBOR Rate Loans for any quarterly period (or, as the case may be, shorter period) as to which interest is payable hereunder, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such period under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion dollars (\$1,000,000,000) against "Eurocurrency Liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against: (a) any category of liabilities which includes deposits by references to which the LIBOR Rate for LIBOR Rate Loans is to be determined as provided in the definition of "LIBOR Base Rate" herein, or (b) any category of extensions of credit or other assets which include LIBOR Rate Loans.

"Revolving Credit Commitment" means, with respect to each Lender, the obligation of such Lender to make Loans to the Borrowers up to an aggregate principal amount at any one time outstanding equal to such Lender's Applicable Commitment Percentage of the lesser of (i) the Total Revolving Credit Commitment and (ii) the Maximum Available Amount.

"Revolving Credit Facility" means the facility described in Section 2.1 hereof providing for Loans to the Borrowers by the Lenders in the aggregate principal amount of the Total Revolving Credit Commitment.

"Revolving Credit Outstandings" means, as of any date of determination, the aggregate principal amount of all Loans then outstanding.

"Revolving Credit Termination Date" means (i) the Stated Termination Date or (ii) such earlier date of termination of Lenders' obligations pursuant to Section 10.1 upon the occurrence of an Event of Default, or (iii) such date as the Borrowers may voluntarily and permanently terminate the Revolving Credit Facility by payment in full of all Revolving Credit Outstandings, together with all accrued and unpaid interest thereon.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill.

"Security Agreement" means, collectively (or individually as the context may indicate), (i) the Project Security Agreement and Assignment dated as of the date hereof by each Borrower to the Agent, and (ii) any additional Project Security Agreement and

Assignment delivered to the Agent pursuant to Section 4.4, as hereafter modified, amended or supplemented from time to time, in the form of Exhibit I.

"Security Instruments" means, collectively, the Security Agreements, the Assignment Agreements, the Assignments of Leases, the Mortgages, and all other agreements, instruments and other documents, whether now existing or hereafter in effect, pursuant to which any

Borrower or any Subsidiary shall grant or convey to the Agent or the Lenders a Lien in property as security for all or any portion of the Obligations, as any of them may be amended, modified or supplemented from time to time.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value on an orderly basis) is in excess of the total amount of its liabilities, including Contingent Obligations; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

"Stated Termination Date" means February 23, 2004.

"Stabilized Project" means a Project that meets all requirements of a Lease-Up Project and has achieved a Project Debt Service Coverage Ratio not less than 1.25 to 1.00 for the Applicable Period immediately preceding the date of measurement thereof.

"Subsidiary" means any corporation or other entity in which more than 50% of its outstanding voting stock or more than 50% of all equity interests is owned directly or indirectly by HCN and/or by one or more of HCN's Subsidiaries.

"Swap Agreement" means one or more agreements between a Borrower and any Person with respect to Indebtedness evidenced by any or all of the Notes, on terms mutually acceptable to such Borrower and such Person, which agreements create Rate Hedging Obligations.

"Tangible Net Worth" means the sum of capital surplus, earned surplus and capital stock, minus deferred charges, intangibles and treasury stock, all as determined in accordance with GAAP applied on a Consistent Basis.

"Tenant" means, with respect to any Project, the Person who is the tenant of a Lease Project or the mortgagor of a Mortgage Project.

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"Total Revolving Credit Commitment" means a principal amount equal to \$75,000,000, as reduced from time to time in accordance with Section 2.1(f).

"Type" shall mean any type of Loan (i.e., a Prime Rate Loan or a LIBOR Rate Loan).

"Unused Fee" means 0.25%.

"Year 2000 Compliant" means all computer applications (including those affected by information received from its suppliers and vendors) that are material to HCN's or any of its Subsidiaries' business and operations will on a timely basis be able to perform properly date-sensitive functions involving all dates on and after January 1, 2000.

"Year 2000 Problem" means the risk that computer applications used by HCN or any of its Subsidiaries (including those affected by information received from its suppliers and vendors) may be unable to

recognize and perform properly date-sensitive functions involving certain dates on and after January 1, 2000.

1.2. Rules of Interpretation.

(a) All accounting terms not specifically defined herein shall have the meanings assigned to such terms and shall be interpreted in accordance with GAAP applied on a Consistent Basis.

(b) Each term defined in Articles 1, 8 or 9 of the Texas Uniform Commercial Code shall have the meaning given therein unless otherwise defined herein, except to the extent that the Uniform Commercial Code of another jurisdiction is controlling, in which case such terms shall have the meaning given in the Uniform Commercial Code of the applicable jurisdiction.

(c) The headings, subheadings and table of contents used herein or in any other Loan Document are solely for convenience of reference and shall not constitute a part of any such document or affect the meaning, construction or effect of any provision thereof.

(d) Except as otherwise expressly provided, references herein to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules are references to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules in or to this Agreement.

(e) All definitions set forth herein or in any other Loan Document shall apply to the singular as well as the plural form of such defined term, and all references to the masculine gender shall include reference to the feminine or neuter gender, and vice versa, as the context may require.

(f) When used herein or in any other Loan Document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the

context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(g) References to "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(h) Except as otherwise expressly provided, all dates and times of day specified herein shall refer to such dates and times at Houston, Texas.

(i) Whenever interest rates or fees are established by reference to a numerical percentage expressed as "___%", such arithmetic expression shall be interpreted in accordance with the convention that 1% = 100 basis points.

(j) Each of the parties to the Loan Documents and their counsel have reviewed and revised, or requested (or had the opportunity to request) revisions to, the Loan Documents, and any rule of construction that ambiguities are to be resolved against the drafting party shall be inapplicable in the construing and interpretation of the Loan Documents and all exhibits, schedules and appendices thereto.

(k) Any reference to an officer of any Borrower or any other Person by reference to the title of such officer shall be deemed to refer to each other officer of such Person, however titled, exercising the same or substantially similar functions.

(l) All references to any agreement or document as amended, modified or supplemented, or words of similar effect, shall mean such document or agreement, as the case may be, as amended, modified or supplemented from time to time only as and to the extent permitted therein and in the Loan Documents.

ARTICLE II

The Credit Facilities

2.1. Revolving Loans.

(a) Commitment. Subject to the terms and conditions of this Agreement, each Lender severally agrees to make Advances to the applicable Borrower or Borrowers under the Revolving Credit Facility from time to time from the Closing Date until the Revolving Credit Termination Date on a pro rata basis as to the total borrowing requested by the applicable Borrower or Borrowers on any day determined by such Lender's Applicable Commitment Percentage up to but not exceeding the Revolving Credit Commitment of such Lender, provided, however, that the Lenders will not be required and shall have no obligation to make any such Advance (i) so long as a Default or an Event of Default has occurred and is continuing or (ii) if the Agent has accelerated

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the maturity of any of the Notes as a result of an Event of Default. Notwithstanding anything to the contrary herein, however, immediately after giving effect to each such Advance:

(i) the amount of Revolving Credit Outstandings shall not exceed the lesser of (A) the Total Revolving Credit Commitment and (B) the Maximum Available Amount; and

(ii) the amount of Revolving Credit Outstandings shall not exceed the Borrowing Base.

Within such limits, the Borrowers may borrow, repay and reborrow under the Revolving Credit Facility on a Business Day from the Closing Date until, but (as to borrowings and reborrowings) not including, the Revolving Credit Termination Date; provided, however, that (A) no Revolving Loan that is a LIBOR Rate Loan shall be made which has an Interest Period that extends beyond the Stated Termination Date, and (B) each Revolving Loan that is a LIBOR Rate Loan may be repaid only on the last day of the Interest Period with respect thereto unless such payment is accompanied by the additional payment, if any, required by Section 5.5.

(b) Amounts. Except as otherwise permitted by the Agent and the Lenders from time to time, the amount of Revolving Credit Outstandings shall not exceed at any time the limitations set in Sections 2.1(a)(i) and (ii), and, in the event there shall be outstanding any such excess, the Borrowers shall immediately make such payments and prepayments as shall be necessary to comply with this restriction.

(c) Advances. (i) (A) An Authorized Representative shall give the Agent (1) at least three (3) Business Days' irrevocable written notice by telefacsimile transmission of a Borrowing Notice or Interest Rate Selection Notice (as applicable) with appropriate insertions, effective upon receipt, of each Loan that is a LIBOR Rate Loan (whether representing an additional borrowing or the Continuation of a borrowing hereunder or the Conversion of a

borrowing hereunder from a Prime Rate Loan to a LIBOR Rate Loan) prior to 10:30 A.M. and (2) irrevocable written notice by telefacsimile transmission of a Borrowing Notice or Interest Rate Selection Notice (as applicable) with appropriate insertions, effective upon receipt, of each Loan that is a Prime Rate Loan (whether representing an additional borrowing hereunder or the Conversion of borrowing hereunder from a LIBOR Rate Loan to a Prime Rate Loan) prior to 10:30 A.M. on the day of such proposed Loan. Each such notice shall be effective upon receipt by the Agent, shall specify the amount of the borrowing, the Type of Loan (Prime Rate or LIBOR Rate), and the date of borrowing. Notice of receipt of such Borrowing Notice or Interest Rate Selection Notice, as the case may be, together with the amount of each Lender's portion of an Advance requested thereunder, shall be provided by the Agent to each Lender by telefacsimile transmission with reasonable promptness, but (provided the Agent shall have received such notice by 10:30 A.M.) not later than 1:00 P.M. on the same day as the Agent's receipt of such notice.

(B) An Authorized Representative shall, simultaneously with the delivery of a Borrowing Notice or Interest Rate Selection Notice (as applicable) in accordance with Section 2.1(c) (i) (A), deliver to the Agent a Borrowing Base Certificate dated as of such date, with

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appropriate insertions, certifications and other attachments, which Borrowing Base Certificate and all certifications and attachments shall be in form and substance satisfactory to the Agent.

(ii) Not later than 2:00 P.M. on the date specified for each borrowing under this Section 2.1, each Lender shall, pursuant to the terms and subject to the conditions of this Agreement, make the amount of the Advance or Advances to be made by it on such day available by wire transfer to the Agent in the amount of its pro rata share, determined according to such Lender's Applicable Commitment Percentage of the Loan or Loans to be made on such day. Such wire transfer shall be directed to the Agent at the Principal Office and shall be in the form of Dollars constituting immediately available funds. The amount so received by the Agent shall, subject to the terms and conditions of this Agreement, be made available to the applicable Borrower or Borrowers by delivery of the proceeds thereof to the applicable Borrower or Borrowers' Account(s) or otherwise as shall be directed in the applicable Borrowing Notice by the Authorized Representative and reasonably acceptable to the Agent.

(d) Repayment of Loans The principal amount of each Loan shall be due and payable to the Agent for the benefit of each Lender in full on the Revolving Credit Termination Date, or earlier as specifically provided herein. The principal amount of any Loan may be prepaid in whole or in part on any Business Day, upon (A) at least three (3) Business Days' irrevocable telephonic notice in the case of each Loan that is a LIBOR Rate Loan from an Authorized Representative (effective upon receipt) to the Agent prior to 10:30 A.M. and (B) irrevocable telephonic notice in the case of each Loan that is a Prime Rate Loan from an Authorized Representative (effective upon receipt) to the Agent prior to 10:30 A.M. on the day of such proposed repayment. The Authorized Representative shall provide the Agent written confirmation of each such telephonic notice but failure to provide such confirmation shall not effect the validity of such telephonic notice. All prepayments of Loans made by the Borrower shall be in the amount of \$1,000,000 or such greater amount which is an integral multiple of \$1,000,000, or the amount equal to all Revolving Credit Outstandings, or such other amount as necessary to comply with Section 2.1(b).

(e) Disposition of Property Prepayments. If any of the Borrowers shall at any time agree to a Disposition, the Borrowers shall (i) promptly notify the Agent of such Disposition, (ii) without limitation of the requirements of Section 2.1(b), immediately upon such Disposition either (A) place an Eligible Project of equivalent value in the Borrowing Base in substitution of such disposed Project, or (B) repay the Loans in an amount equal

to the aggregate Disposition Net Proceeds of such Disposition, immediately upon receipt thereof, and (iii) deliver a Borrowing Base Certificate reflecting the removal of such Project.

(f) Reductions. The Borrowers shall, by notice from an Authorized Representative, have the right from time to time but not more frequently than once each calendar month, upon not less than three (3) Business Days' written notice to the Agent, effective upon receipt, to reduce the Total Revolving Credit Commitment. The Agent shall give each Lender, within one (1) Business Day of receipt of such notice, telefacsimile notice, or telephonic notice (confirmed in writing), of such reduction. Each such reduction shall be in the aggregate amount of \$1,000,000 or such greater amount which is in an integral multiple of \$1,000,000, or the entire remaining Total Revolving Credit Commitment, and shall permanently reduce the Total Revolving Credit Commitment. Each such reduction of the Total Revolving Credit Commitment shall reduce the Maximum Available Amount by the same amount. Each reduction of the Total Revolving Credit

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Commitment shall be accompanied by payment of the Loans to the extent that the principal amount of Revolving Credit Outstandings exceeds the lesser of (i) the Total Revolving Credit Commitment and (ii) the Maximum Available Amount, after giving effect to such reduction, together with accrued and unpaid interest on the amounts prepaid.

(g) Notwithstanding any other provision of this Agreement, except as hereinafter provided, each Borrower shall be jointly and severally liable as primary obligor and not merely as surety for repayment of all Obligations arising under the Loan Documents. Such joint and several liability shall apply to each Borrower regardless of whether (i) any Loan was only requested on behalf of or made to another Borrower or the proceeds of any Loan were used only by another Borrower, (ii) any interest rate election was made only on behalf of another Borrower, or (iii) any indemnification obligation or any other obligation arose only as a result of the actions of another Borrower; provided the liability of each of the Borrowers other than HCN under this Agreement, the Notes and the other Loan Documents shall be limited to the maximum amount of the Obligations under the Revolving Credit Facility for which such other Borrower may be liable without violating any applicable fraudulent conveyance, fraudulent transfer or comparable laws. Each Borrower shall retain any right of contribution arising under applicable law against the other Borrowers as the result of the satisfaction of any Obligations; provided, such rights are hereby fully subordinated in all respects to the payment in full of the Obligations, no Borrower shall assert such right of contribution against any other Borrower until the Obligations shall have been paid in full, and each Borrower shall hold in trust and separate from its other property any funds or other property received on account of any such right of contribution and pay the same over to the Agent for application to the Obligations until payment in full of the Obligations.

Without limiting the foregoing provisions of this Section 2.1(g), HCN hereby irrevocably, absolutely and unconditionally guarantees the full and punctual payment or performance when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each other Borrower whether owing to the Agent or any Lender. This guarantee constitutes a guaranty of payment and not of collection.

It is the intention of the parties that with respect to each Borrower its obligations under the immediately preceding two paragraphs shall be absolute, unconditional and irrevocable irrespective of:

(i) any lack of validity, legality or enforceability of this Agreement, any Note, or any other Loan Document as to any other Borrowers;

(ii) the failure of the Agent or any Lender:

(A) to enforce any right or remedy against any other Borrower or any other Person under the provisions of this Agreement, any Note, any other Loan Document or otherwise, or

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(B) to exercise any right or remedy against any guarantor of, or Collateral securing, any Obligations;

(iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise or renewal of any Obligations with respect to any other Borrower;

(iv) any reduction, limitation, impairment or termination of any Obligations with respect to any other Borrower or any other Person for any reason including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Borrower hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise or unenforceability of, or any other event or occurrence affecting, any Obligations with respect to any other Borrower;

(v) any addition, exchange, release, surrender or nonperfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any guaranty, held by the Agent, any Lender or any holder of any Note securing any of the Obligations; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any other Borrower, any surety or any guarantor.

Each Borrower agrees that its joint and several liability hereunder shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must be restored by the Agent, any Lender or any holder of any Note, upon the insolvency, bankruptcy or reorganization of any other Borrower as though such payment had not been made.

Each Borrower hereby expressly waives: (a) notice of the Lenders' acceptance of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Obligations; (c) notice of the addition of Borrowing Subsidiaries or the release of any Borrower, (d) presentment, demand, notice of dishonor, protest, and all other notices whatsoever other than notices expressly provided for in this Agreement or by applicable law and (e) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation hereunder, or any security for or guaranty of any of the foregoing.

No delay on any of the Lenders' or the Agent's part in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any of the Lenders or the Agent of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. No action of the Agent or any of the Lenders permitted hereunder shall in any way affect or impair any of their rights or any of their obligations to any of the Borrowers under this Agreement (except as otherwise

waived, modified, or amended).

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2.2. Use of Proceeds. The proceeds of the Loans hereunder shall be used by the Borrowers for funding advances with respect to Eligible Projects, for general working capital needs, and for other corporate purposes.

2.3. Notes. Loans made by each Lender shall be evidenced by the Note or Notes payable to the order of such Lender in the respective amount of its Applicable Commitment Percentage of the lesser of (i) the Total Revolving Credit Commitment and (ii) the Maximum Available Amount, which Note or Notes shall be dated the Closing Date or a later date pursuant to either an Assignment and Acceptance or the addition of a Borrowing Subsidiary, and shall be duly completed, executed and delivered by the Borrowers as of the date of execution thereof; provided, however, that at all times during which the Total Revolving Credit Commitment shall exceed the Maximum Available Amount, the Note or Notes payable to Bank United shall include such excess amount.

2.4. Designation of Borrowing Subsidiaries. With the consent of the Agent, HCN may from time to time designate any wholly-owned direct or indirect Subsidiary of HCN which has not joined in the execution of this Agreement as a "Borrowing Subsidiary" and a "Borrower" hereunder under the Revolving Credit Facility by causing such Subsidiary to execute and deliver a duly completed Assumption Letter in the form attached hereto as Exhibit J to the Agent, with the written consent of HCN and the Agent at the foot thereof. Upon such execution, delivery and consent such Subsidiary shall for all purposes be a party hereto as a Borrowing Subsidiary and a Borrower as fully as if it had executed and delivered this Agreement and the Notes. So long as all Obligations supported by the Project Borrowing Bases of Projects as to which such Borrowing Subsidiary is the owner or mortgagee under this Agreement shall have been paid in full and all other obligations of the Subsidiary under the Credit Agreement shall have been fully performed, and there shall not then have occurred and be continuing a Default or Event of Default, such Borrowing Subsidiary may, by not less than five (5) Business Days' prior notice to the Agent (which shall promptly notify the Lenders thereof), terminate its status as a "Borrowing Subsidiary" and a "Borrower" hereunder; subject to continuing liability under Sections 8.13 and 12.9 to the extent applicable.

ARTICLE III

LIBOR Funding, Fees, and Payment Conventions

3.1. Interest Rate Options. LIBOR Rate Loans and Prime Rate Loans may be outstanding at the same time and, so long as no Default or Event of Default shall have occurred and be continuing, the Borrowers, through an Authorized Representative, shall have the option to elect the Type of Loan and to Convert Loans in accordance with Sections 2.1(c)(i) and 3.2, as applicable; provided, however, (a) there shall not be outstanding at any one time LIBOR Rate Loans having more than three (3) different Interest Periods, (b) each LIBOR Rate Loan (including each Conversion into and each Continuation as a LIBOR Rate Loan) shall be in an amount of \$3,000,000 or, if greater than \$3,000,000, an integral multiple of \$500,000, and (c) no LIBOR Rate Loan shall have an Interest Period that extends beyond the Stated Termination Date. If the Agent does not receive a Borrowing Notice or an Interest Rate Selection Notice giving notice of a LIBOR Rate Loan or of Conversion of any Loan to or Continuation of a Loan as a LIBOR Rate Loan by the time prescribed by Sections 2.1(c)(i) and 3.2, as applicable, the Borrowers shall be deemed to have elected to obtain

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or Convert such Loan to (or Continue such Loan as) a Prime Rate Loan until the

Borrowers notify the Agent in accordance with Section 3.2. The Borrowers shall not be entitled to elect to Continue any Loan as or Convert any Loan into a LIBOR Rate Loan if a Default or Event of Default shall have occurred and be continuing.

3.2. Conversions and Elections of Subsequent Interest Periods. Subject to the limitations set forth in the definition of "Interest Period," in Section 3.1 and in Article V, the applicable Borrower or Borrowers may:

(a) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent (which shall be irrevocable) on or before 10:30 A.M. on any Business Day, Convert any LIBOR Rate Loan to a Prime Rate Loan on the last day of the Interest Period for such LIBOR Rate Loan; and

(b) provided that no Default or Event of Default shall have occurred and be continuing, upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent (which shall be irrevocable) on or before 10:30 A.M. three (3) Business Days' prior to the date of such Conversion or Continuation:

(i) elect a subsequent Interest Period for any LIBOR Rate Loan to begin on the last day of the then current Interest Period for such LIBOR Rate Loan; or

(ii) Convert any Prime Rate Loan to a LIBOR Rate Loan on any Business Day.

Each such notice shall be effective upon receipt by the Agent, shall specify the amount of the LIBOR Rate Loan affected. Notice of receipt of such Interest Rate Selection Notice shall be provided by the Agent to each Lender by telefacsimile transmission with reasonable promptness, but (provided the Agent shall have received such notice by 10:30 A.M.) not later than 3:00 P.M. on the same day as the Agent's receipt of such notice. All such Continuations or Conversions of Loans shall be effected pro rata based on the Applicable Commitment Percentages of the Lenders.

3.3. Payment of Interest. The Borrowers shall pay interest on the outstanding and unpaid principal amount of each Loan, commencing on the first date of such Loan until such Loan shall be repaid, at the applicable Prime Rate or LIBOR Rate as designated by the Borrowers in the related Borrowing Notice or Interest Rate Selection Notice or as otherwise provided hereunder. Interest on each Loan shall be paid on the earlier of (a) in the case of any Prime Rate Loan, monthly in arrears of the last Business Day of each month, commencing on March 31, 1999, until the Revolving Credit Termination Date, at which date as applicable the entire principal amount of and all accrued interest on the Loans shall be paid in full, (b) in the case of any LIBOR Rate Loan, on last day of the applicable Interest Period for such LIBOR Rate Loan, and (c) upon payment in full of the related Loan; provided, however, that if any Event of Default shall occur and be continuing, all amounts outstanding hereunder shall bear interest thereafter until paid in full at the Default Rate.

3.4. Prepayments of LIBOR Rate Loans. Whenever any payment of principal shall be made in respect of any Loan hereunder, whether at maturity, on acceleration, by optional or

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mandatory prepayment or as otherwise required or permitted hereunder, with the effect that any LIBOR Rate Loan shall be prepaid in whole or in part prior to the last day of the Interest Period applicable to such LIBOR Rate Loan, such payment of principal shall be accompanied by the additional payment, if any, required by Section 5.5.

3.5. Manner of Payment. (a) Each payment of principal (including any

prepayment) and payment of interest and fees, and any other amount required to be paid by or on behalf of the Borrower to the Lenders or the Agent with respect to any Loan shall be made to the Agent at the Principal Office in Dollars in immediately available funds without setoff, deduction or counterclaim on or before 12:30 P.M. on the date such payment is due. The Agent may, but shall not be obligated to, debit the amount of such payment from any one or more ordinary deposit accounts of any Borrower with the Agent.

(b) Any payment made by or on behalf of any Borrower that is not made both in Dollars in immediately available funds and prior to 12:30 P.M. on the date such payment is to be made shall constitute a non-conforming payment. Any such non-conforming payment shall not be deemed to be received until the later of (i) the time such funds become available funds and (ii) the next Business Day. Any non-conforming payment may constitute or become a Default or Event of Default as otherwise provided herein. Interest shall continue to accrue at the Default Rate on any principal or fees as to which no payment or a non-conforming payment is made from the date such amount was due and payable until the later of (i) the date such funds become available funds or (ii) the next Business Day.

(c) In the event that any payment hereunder or under any of the Notes becomes due and payable on a day other than a Business Day, then such due date shall be extended to the next succeeding Business Day unless provided otherwise under the definition of "Interest Period"; provided, however, that interest shall continue to accrue during the period of any such extension; and provided further, however, that in no event shall any such due date be extended beyond the Revolving Credit Termination Date.

3.6. Fees. (a) Unused Fee. For the period beginning on April 10, 1999 and ending on the Revolving Credit Termination Date, the Borrowers agree to pay to the Agent, for the pro rata benefit of the Lenders based on their Applicable Commitment Percentages, an unused fee equal to the Unused Fee multiplied by the average daily amount by which the lesser of (i) the Total Revolving Credit Commitment and (ii) the Maximum Available Amount exceeds the Revolving Credit Outstandings. Such fees shall be due in arrears on the last Business Day of each fiscal quarter commencing April 30, 1999 to and on the Revolving Credit Termination Date. Notwithstanding the foregoing, so long as any Lender fails to make available any portion of its Revolving Credit Commitment when requested, such Lender shall not be entitled to receive payment of its pro rata share of such fee until such Lender shall make available such portion.

(b) Borrowing Base Administration Fee. The Borrowers agree to pay to the Agent, for its own account, a one-time fee for each Project for which the Borrowers seek inclusion as an Eligible Project in the Borrowing Base, in the amount of \$5,000. This fee shall be paid to the Agent simultaneously with the delivery by the applicable Borrower or Borrowers of the initial Eligible

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Project Certificate with respect to such Project. No refund of this fee shall be made in the event of the removal of any Project from the Borrowing Base, without regard to the reason for such removal.

(c) Other Fees. The Borrower agree to pay to the Agent or any Lender all other fees due and owing pursuant to any written agreement from time to time between any Borrower, the Agent or any Lender, or any of them.

3.7. Pro Rata Payments. Except as otherwise specified herein, (a) each payment on account of the principal of and interest on Loans and the fees described in Section 3.6(a), shall be made to the Agent for the account of the Lenders pro rata based on their Applicable Commitment Percentages, and (b) the Agent will promptly distribute to the Lenders in immediately available funds payments received in fully collected, immediately available funds from the Borrowers.

3.8. Computation of Rates and Fees. Except as may be otherwise expressly provided, all interest rates (including the Prime Rate, each LIBOR Rate, and the Default Rate) and fees shall be computed on the basis of a year of 360 days and calculated for actual days elapsed.

3.9. Deficiency Advances; Failure to Purchase Participations. No Lender shall be responsible for any default of any other Lender in respect to such other Lender's obligation to make any Loan or Advance hereunder nor shall the Revolving Credit Commitment of any Lender hereunder be increased as a result of such default of any other Lender. Without limiting the generality of the foregoing, in the event any Lender shall fail to advance funds to the Borrowers as herein provided, the Agent may in its discretion, but shall not be obligated to, advance under the applicable Note in its favor as a Lender all or any portion of such amount or amounts (each, a "deficiency advance") and shall thereafter be entitled to payments of principal of and interest on such deficiency advance in the same manner and at the same interest rate or rates to which such other Lender would have been entitled had it made such Advance under its Note; provided that, (i) such defaulting Lender shall not be entitled to receive payments of principal, interest or fees with respect to such deficiency advance until such deficiency advance shall be paid by such Lender and (ii) upon payment to the Agent from such other Lender of the entire outstanding amount of each such deficiency advance, together with accrued and unpaid interest thereon, from the most recent date or dates interest was paid to the Agent by the Borrowers on each Loan comprising the deficiency advance at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank, then such payment shall be credited against the applicable Note of the Agent in full payment of such deficiency advance and the Borrowers shall be deemed to have borrowed the amount of such deficiency advance from such other Lender as of the most recent date or dates, as the case may be, upon which any payments of interest were made by the Borrowers thereon.

ARTICLE IV

Security

4.1. Security. As security for the full and timely payment and performance of all Obligations, the Credit Parties shall on or before the Closing Date do or cause to be done all things necessary in the opinion of the Agent and its counsel to grant to the Agent for the benefit of the

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Lenders a duly perfected first priority security interest in all property which as at the Closing Date is required to be Collateral subject to no prior Lien or other encumbrance or restriction on transfer.

4.2. Further Assurances. At the request of the Agent, each of the Borrowers will or will cause its Subsidiaries, as the case may be, to execute, by its duly authorized officers, alone or with the Agent, any certificate, instrument, statement or document, or to procure any such certificate, instrument, statement or document, or to take such other action (and pay all connected costs) which the Agent reasonably deems necessary from time to time to create, continue or preserve the liens and security interests in Collateral (and the perfection and priority thereof) of the Agent contemplated hereby and by the other Loan Documents and specifically including all Collateral acquired by any Borrower after the Closing Date.

4.3. Information Regarding Collateral. Each of the Borrowers represents, warrants and covenants that (i) the chief executive office of such Borrower and each other Person providing Collateral pursuant to a Security Instrument (each, a "Grantor") at the Closing Date is located at the address or addresses specified on Schedule 4.3, and (ii) Schedule 4.3 contains a true and complete list of (a) the name and address of each Grantor and of each other Person that has effected any merger or consolidation with a Grantor or

contributed or transferred to a Grantor any property constituting Collateral at any time since January 1, 1998 (excluding Persons making sales in the ordinary course of their businesses to a Grantor of property constituting inventory in the hands of such seller), (b) each location of the chief executive office of each Grantor at any time since January 1, 1998, (c) each location in which goods constituting Collateral are or have been located since January 1, 1998 (together with the name of each owner of the property located at such address if not the applicable Grantor, and a summary description of the relationship between the applicable Grantor and such Person), (d) the location of each Project included in the Borrowing Base, and (e) each trade style used by any Grantor since January 1, 1998 and the purposes for which it was used. No Borrower shall change, or permit any other Grantor to change, the location of its chief executive office, its jurisdiction of formation or any location specified in clause (c) or (d) of the immediately preceding sentence, or use or permit any other Grantor to use any additional trade style, except upon giving not less than thirty (30) days' prior written notice to the Agent and taking or causing to be taken all such action at such Borrower's or such other Grantor's expense as may be reasonably requested by the Agent to perfect or maintain the perfection of the Lien of the Agent in Collateral.

4.4. Security Agreements and Assignment Agreements. As security for the full and timely payment and performance of all Obligations now existing or hereafter arising, each Borrower agrees to deliver to the Agent, with respect to each Project included in the Borrowing Base, prior to such inclusion, a Security Agreement, an Assignment Agreement, the Uniform Commercial Code financing statements, all documents referred to in the applicable Schedules to the initial Eligible Project Certificate with respect to such Project, and each other Security Instrument sufficient to grant to the Agent a valid, duly perfected security interest in the Collateral described therein, including without limitation the Project Collateral, subject to no prior Liens other than Permitted Liens, and with respect to the Mortgages, no prior Liens other than the Permitted Encumbrances as defined therein. Each of the Borrowers further agrees, with respect to each Project to be included in the Borrowing Base, prior to such inclusion, to cause each document described in the first sentence of this Section 4.4 to be delivered to the Agent by any Subsidiary that becomes a Borrowing Subsidiary

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pursuant to Section 2.4 hereof. Further, with respect to each Project to be included in the Borrowing Base after the Closing Date, prior to such inclusion, to cause each document described in the first sentence of this Section 4.4, or any supplement to any such document previously delivered, as applicable, to be delivered to the Agent.

4.5. Mortgages. As security for the full and timely payment and performance of all Obligations now existing or hereafter arising, each Borrower (as applicable) has heretofore delivered to the Agent, Mortgages with respect to the real property of each Eligible Project included in the Borrowing Base as of the Closing Date. Mortgages relating to real property in connection with any Eligible Project that is included in the Borrowing Base after the date hereof shall be delivered by the applicable Borrower simultaneously with the delivery of the Eligible Project Certificate pursuant to which such Eligible Project is permitted to be included in the Borrowing Base.

4.6. Release of Liens. In the event that a Project is at any time permanently removed from the Borrowing Base, so long as the Agent has received a Borrowing Base Certificate reflecting the removal of such Project and demonstrating that the amount of Revolving Credit Outstandings at such time shall not exceed either (A) the Borrowing Base (as calculated following removal of such Project from the Borrowing Base), or (B) the lesser of the Maximum Available Amount and the Total Revolving Credit Commitment, then the Agent and the Lenders shall release any Lien on any Collateral pertaining solely to such Project, and shall execute such documents and take such other actions that, in

the reasonable judgment of the Borrowers and the Agent, are necessary to effectuate such release, all at the sole reasonable request of an Authorized Representative and at the expense of the Borrowers.

ARTICLE V

Change in Circumstances

5.1. Additional Costs; Capital Requirements.

(a) In the event that any existing or future law or regulation, guideline, or interpretation thereof, by any Governmental Authority charged with the administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such authority shall impose, modify or deem applicable or result in the application of, any capital maintenance, capital ratio or similar requirement against loan commitments made by any Lender hereunder, and the result of any event referred to above is to impose upon any Lender or increase any capital requirement applicable as a result of the making or maintenance of such Lender's Revolving Credit Commitment or the obligation of the Borrowers hereunder with respect to such Revolving Credit Commitment (which imposition of capital requirements may be determined by each Lender's reasonable allocation of the aggregate of such capital increases or impositions), then, within ten (10) Business Days of demand made by such Lender as promptly as practicable after it obtains knowledge that such law, regulation, guideline, interpretation, requires or directive exists and determines to make such demand, the Borrowers shall pay to such Lender from time to time as specified by such Lender additional amounts which shall be sufficient to compensate such Lender for such imposition of or increase in capital requirements together with interest on each such amount

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from the date demanded until payment in full thereof at the Default Rate. A certificate setting forth in reasonable detail the amount necessary to compensate such Lender as a result of an imposition of or increase in capital requirements submitted by such Lender to the Borrowers shall be conclusive, absent manifest error, as to the amount thereof. All references to any Lender shall be deemed to include any participant in such Lender's Revolving Credit Commitment.

(b) In the event that any Regulatory Change shall: (i) change the basis of taxation of any amounts payable to any Lender under this Agreement or the Notes in respect of any Loans including, without limitation, LIBOR Rate Loans (other than taxes imposed on the overall net income of such Lender for any such Loans by the United States of America or the jurisdiction in which such Lender has its principal office); or (ii) impose or modify any reserve, Federal Deposit Insurance Corporation premium or assessment, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or liabilities of, such Lender (including any of such Loans or any deposits referred to in the definition of "LIBOR Base Rate"); or (iii) impose any other conditions affecting this Agreement in respect of Loans, including, without limitation, LIBOR Rate Loans (or any of such extensions of credit, assets, deposits or liabilities); and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase such Lender's costs of making or maintaining any Loans including, without limitation, LIBOR Rate Loans, or its Revolving Credit Commitment, or to reduce any amount receivable by such Lender hereunder in respect of its Revolving Credit Commitment (such increases in costs and reductions in amounts receivable are hereinafter referred to as "Additional Costs") in each case, only to the extent, with respect to LIBOR Rate Loans, that such Additional Costs are not included in the LIBOR Rate applicable to LIBOR Rate Loans, then, within ten (10) Business Days of demand made by such Lender as promptly as practicable after it obtains knowledge that such a Regulatory Change exists and determines to make such demand (a copy of which demand shall be delivered to the Agent), the Borrowers shall pay to such Lender from time to time as specified by such Lender, additional amounts which shall be sufficient to compensate such Lender for such increased cost or reduction in

amounts receivable by such Lender from the date of such change, together with interest on each such amount from the date demanded until payment in full thereof at the Default Rate. All references to any Lender shall be deemed to include any participant in such Lender Revolving Credit Commitment.

(c) Without limiting the effect of the foregoing provisions of this Section 5.1, in the event that, by reason of any Regulatory Change, any Lender either: (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender which includes deposits by reference to which the interest rate on LIBOR Rate Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Lender which includes LIBOR Rate Loans, or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if such Lender so elects by notice to the Borrowers (with a copy to the Agent), the obligation of such Lender to make, and to convert Loans of any other Type into, Loans of such Type hereunder shall be suspended until the date such Regulatory Change ceases to be in effect (and all Loans of such Type then outstanding shall be Converted into Prime Rate Loans).

(d) Determinations by any Lender for purposes of this Section 5.1 of the effect of any Regulatory Change on its costs of making or maintaining Loans or on amounts receivable by it in

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respect of Loans, and of the additional amounts required to compensate such Lender in respect of any Additional Costs, shall be set forth in writing in reasonable detail describing the Additional Costs together with a calculation demonstrating the allocation to the Borrowers of such Additional Costs which shall be conclusive, absent manifest error.

5.2. Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if, on or prior to the determination of an interest rate for any LIBOR Rate Loans for any Interest Period therefor, the Required Lenders determine (which determination shall be conclusive):

(a) by reason of any event affecting the money markets in the United States of America or the London interbank market, quotations of interest rates for the relevant deposits are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the rate of interest for such Loans under this Agreement; or

(b) the rates of interest referred to in the definition of "LIBOR Base Rate" in Section 1.1 hereof upon the basis of which the rate of interest on any LIBOR Rate Loans for such period is determined, do not accurately reflect the cost to the Lenders of making or maintaining such Loans for such period; then the Agent shall give the Borrowers and each Lender prompt notice thereof (and shall thereafter give the Borrowers and each Lender prompt notice of the cessation, if any, of such condition), and so long as such condition remains in effect, the Lenders shall be under no obligation to make Loans of such Type or to Convert Loans of any other Type into Loans of such Type and the Borrowers shall, on the last day(s) of the then current Interest Period(s) for the outstanding Loans of the affected Type either prepay such Loans or Convert such Loans into another Type of Loan in accordance with the terms of this Agreement.

5.3. Illegality. Notwithstanding any other provision in this Agreement, in the event that it becomes unlawful for any Lender or its applicable Lending Office to: (a) honor its obligation to make LIBOR Rate Loans hereunder, or (b) maintain LIBOR Rate Loans hereunder, then such Lender shall promptly notify the Borrowers thereof (with a copy to the Agent), describing such illegality in reasonable detail (and shall thereafter promptly notify the Borrowers and the Agent of the cessation, if any, of such illegality), and such Lender's obligation to make LIBOR Rate Loans, to Continue LIBOR Rate Loans and to Convert

Prime Rate Loans into LIBOR Rate Loans hereunder shall, upon written notice given by such Lender to the Borrowers, be suspended until such time as such Lender may again make and maintain LIBOR Rate Loans and such Lender's outstanding LIBOR Rate Loans shall be prepaid or Converted into another Type of Loan in accordance with the terms of this Agreement.

5.4. Certain Conversions. If the Loans of any Lender of a particular Type (Loans of such Type are hereinafter referred to as "Affected Loans" and such Type is hereinafter referred to as the "Affected Type") are to be Converted, such Lender's Affected Loans shall automatically be Converted into Prime Rate Loans on the last day(s) of the then current Interest Period(s) for the Affected Loans (or, in the case of a Conversion required by Section 5.1(b) or Section 5.3 hereof, on such earlier date as such Lender may specify to the Borrowers with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.1(b) or Section 5.3 that gave rise to such Conversion no longer exist:

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(a) to the extent that such Lender's Affected Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Loans shall be applied instead to its Prime Rate Loans; and

(b) all Loans which would otherwise be made or Continued by such Lender as Loans of the Affected Type shall be made or Converted instead as Prime Rate Loans, and all Loans of such Lender that would otherwise be Converted into Loans of the Affected Type shall be Converted instead into (or shall remain as) Prime Rate Loans.

5.5. Compensation. The Borrowers shall pay to the Agent for the account of each Lender, upon the request of such Lender through the Agent, such amount or amounts as shall compensate such Lender for any loss (including loss of profit), cost or expense incurred by such Lender (as reasonably determined by such Lender) as a result of:

(a) any payment or repayment or conversion of a LIBOR Rate Loan held by such Lender on a date other than the last day of an Interest Period for such LIBOR Rate Loan except pursuant to Sections 5.1 or 5.3 hereof; or

(b) any failure by the Borrowers to borrow a LIBOR Rate Loan on the date for such borrowing specified in the relevant Borrowing Notice; such compensation to include, without limitation, an amount equal to: (i) any loss or expense suffered by such Lender during the period from the date of receipt of such early payment or repayment or the date of such conversion to the last day of such Interest Period if the rate of interest obtainable by such Lender upon the redeployment of an amount of funds equal to such Lender's pro rata share of such payment, repayment or Conversion or failure to borrow or Convert is less than the rate of interest applicable to such LIBOR Rate Loan for such Interest Period, or (ii) any loss or expense suffered by such Lender in liquidating LIBOR deposits prior to maturity which correspond to such Lender's pro rata share of such payment, repayment, Conversion, failure to borrow or failure to Convert. The determination by each such Lender of the amount of any such loss or expense, when set forth in a written notice to the Borrowers, containing such Lender's calculation thereof in reasonable detail, shall be presumed correct, in the absence of manifest error.

5.6. Taxes. If, under any law in effect on the date of the closing of any Loan hereunder, or under any retroactive provision of any law subsequently enacted, it shall be determined that any Federal, state or local tax is payable in respect of the issuance of any Note, or in connection with the filing or recording of any assignments, mortgages, financing statements, or other documents (whether measured by the amount of Indebtedness secured or otherwise) as contemplated by this Agreement, then the Borrowers will pay any such tax and all interest and penalties, if any, and will indemnify the Lenders and the Agent

against and save each of them harmless from any loss or damage resulting from or arising out of the nonpayment or delay in payment of any such tax. If any such tax or taxes shall be assessed or levied against any Lender or any other holder of a Note, such Lender, or such other holder, as the case may be, may notify each Borrower and make immediate payment thereof, together with interest or penalties in connection therewith, and shall thereupon be entitled to and shall receive immediate reimbursement therefor from each Borrower.

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Notwithstanding any other provision contained in this Agreement, the covenants and agreements of the Borrowers in this Section 5.6 shall survive payment of the Obligations and the occurrence of the Facility Termination Date.

5.7. Delivery of Tax Forms. Each Lender not organized under the laws of the United States or a state thereof shall:

(a) deliver to the Borrowers and the Agent, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, (i) two accurate and duly completed executed copies of Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (ii) an accurate and complete Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, as the case may be; and

(b) deliver to the Borrowers and to the Agent two further accurate and complete executed copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrowers; and

(c) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by the Borrowers or the Agent; unless in any such case under clause (b) above an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrowers and the Agent. Such Lender shall certify (i) in the case of Internal Revenue Service Form 1001 or 4224 that is provided pursuant to clause (a) above, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States Federal income taxes; (ii) in the case of any Internal Revenue Service Form 1001 or 4224 that is provided pursuant to clause (b) above, to the extent legally entitled to do so, that it is entitled to receive payments under this Agreement without, or at a reduced rate of, deduction or withholding of any United States Federal income taxes; and (iii) in the case of an Internal Revenue Service Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Person not organized under the laws of the United States or a state thereof that is an assignee hereunder shall, prior to the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section 5.7.

ARTICLE VI

Conditions to Making Loans

6.1. Conditions of Initial Advance. The obligation of the Lenders to make the initial Advance under the Revolving Credit Facility is subject to the conditions precedent that:

(a) the Agent shall have received on the Closing Date, in form and substance satisfactory to the Agent and Lenders, the following:

(i) executed originals of each of this Agreement, the Notes, the Security Instruments pertaining to each Project to be included in the Borrowing Base as of the Closing Date, and copies or originals of the other Loan Documents, as the case may be, together with all schedules and exhibits thereto;

(ii) the favorable written opinion or opinions with respect to the Loan Documents and the transactions contemplated thereby of counsel to the Credit Parties dated the Closing Date, addressed to the Agent and the Lenders and satisfactory to counsel to the Agent, substantially in the form of Exhibit G;

(iii) resolutions of the boards of directors or other appropriate governing body (or of the appropriate committee thereof) of each Credit Party certified by its secretary or assistant secretary as of the Closing Date, approving and adopting the Loan Documents to be executed by such Person, and authorizing the execution and delivery thereof;

(iv) specimen signatures of officers or other appropriate representatives executing the Loan Documents on behalf of each of the Credit Parties, certified by the secretary or assistant secretary of such Credit Party;

(v) the Organizational Documents of each of the Credit Parties certified as of a recent date by the Secretary of State of its state of organization;

(vi) Operating Documents of each of the Credit Parties certified as of the Closing Date as true and correct by its secretary or assistant secretary;

(vii) certificates issued as of a recent date by the Secretaries of State of the respective jurisdictions of formation of each of the Credit Parties as to the due existence and good standing of such Person;

(viii) appropriate certificates of qualification to do business, good standing and, where appropriate, authority to conduct business under assumed name, issued in respect of each of the Credit Parties as of a recent date by the Secretary of State or comparable official of each jurisdiction in which the failure to be qualified to do business or authorized so to conduct business could have a Material Adverse Effect;

(ix) notice of appointment of the initial Authorized Representative(s);

(x) certificate of an Authorized Representative dated the Closing Date demonstrating compliance with the financial covenants contained in Sections 9.1(a) through 9.1(d), 9.2(c), 9.2(f) and 9.12 as of the fiscal quarter most recently ended, substantially in the form of Exhibit H;

(xi) evidence of all insurance required by the Loan Documents;

(xii) an initial Borrowing Notice, if any, and, if elected by the Borrowers, an Interest Rate Selection Notice;

(xiii) evidence that all fees payable by the Borrowers on the Closing Date to the Agent and the Lenders have been paid in full;

(xiv) evidence of the filing or recordation, as applicable, of (A) Uniform Commercial Code financing statements reflecting the filing in all places required by applicable law to perfect the Liens of the Agent under the Security Instruments as a first priority Lien as to items of Collateral relating to Projects in the Borrowing Base as of the Closing Date in which a security interest may be perfected by the filing of financing statements, (B) with respect to any Lease Project to be included in the Borrowing Base as of the Closing Date, each Mortgage in the place or places required by applicable law to perfect the Liens of the Agent under such Mortgage as a first priority Lien on the real property reflected in such Mortgage, (C) with respect to any Lease Project to be included in the Borrowing Base as of the Closing Date, each Assignment of Leases in the place or places required by applicable law to perfect the Liens of the Agent in the Collateral reflected in such Assignment of Leases, (D) with respect to any Mortgage Project to be included in the Borrowing Base as of the Closing Date, each Assignment Agreement in the place or places required by applicable law to perfect the Liens of the Agent in the Collateral reflected in such Assignment Agreement, and (E) such other documents and/or evidence of other actions as may be necessary under applicable law to perfect the Liens of the Agent under the Security Instruments as a first priority Lien in and to such other Collateral as the Agent may require;

(xv) Uniform Commercial Code search results showing only those Liens as are acceptable to the Lenders; and

(xvi) such other documents, instruments, certificates and opinions as the Agent or any Lender may reasonably request on or prior to the Closing Date in connection with the consummation of the transactions contemplated hereby;

(b) In the good faith judgment of the Agent and the Lenders:

(i) there shall not have occurred or become known to the Agent or the Lenders any event, condition, situation or status since the date of the information contained in the financial and business projections, budgets, pro forma data and forecasts concerning HCN and its Subsidiaries delivered to the Agent prior to the Closing Date that has had or could reasonably be expected to result in a Material Adverse Effect;

(ii) no litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened which could reasonably be likely to result in a Material Adverse Effect; and

(iii) the Credit Parties shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices as shall be required to

consummate the transactions contemplated hereby without the occurrence of any default under, conflict with or violation of (A) any applicable law, rule, regulation, order or decree of any Governmental Authority or arbitral authority or (B) any agreement, document or instrument to which any of the Credit Parties is a party or by which any of them or their properties is bound, except for such approvals, consents, waivers, filings and notices the receipt, making or giving of which will not have a Material Adverse Effect; and

6.2. Conditions of Loans. The obligations of the Lenders to make any Loans hereunder on or subsequent to the Closing Date are subject to the satisfaction of the following conditions:

(a) the Agent shall have received a Borrowing Notice or an Interest Rate Selection Notice, if applicable, if required by Article II or Article III;

(b) the Agent shall have received a Borrowing Base Certificate dated as of the date of the request for such Loan, executed by an Authorized Representative, which Borrowing Base Certificate shall include all appropriate exhibits and attachments;

(c) the Agent shall have received evidence of the filing or recordation, as applicable, of (i) Uniform Commercial Code financing statements reflecting the filing in all places required by applicable law to perfect the Liens of the Agent under the Security Instruments as a first priority Lien as to items of Collateral relating to Projects in the Borrowing Base as of the date of such Loan in which a security interest may be perfected by the filing of financing statements, (ii) with respect to any Lease Project to be included in the Borrowing Base as of the date of such Loan, each Mortgage in the place or places required by applicable law to perfect the Liens of the Agent under such Mortgage as a first priority Lien on the real property reflected in such Mortgage, (iii) with respect to any Lease Project to be included in the Borrowing Base as of the date of such Loan, each Assignment of Leases in the place or places required by applicable law to perfect the Liens of the Agent in the Collateral reflected in such Assignment of Leases, (iv) with respect to any Mortgage Project to be included in the Borrowing Base as of the date of such Loan, each Assignment Agreement in the place or places required by applicable law to perfect the Liens of the Agent in the Collateral reflected in such Assignment Agreement, and (v) such other documents and/or evidence of other actions as may be necessary under applicable law to perfect the Liens of the Agent under the Security Instruments as a first priority Lien in and to such other Collateral as the Agent may require;

(d) the Agent shall have received an Eligible Project Certificate with respect to each Project identified as an Eligible Project on the Borrowing Base Certificate delivered

under Section 6.2(b), and all documents to be provided in connection therewith as herein or therein specified;

(e) in the event that any Project included as an Eligible Project on the Borrowing Base Certificate delivered under Section 6.2(b) has as a party thereto a Subsidiary of HCN that is not previously a Borrowing Subsidiary under this Agreement, (i) such Subsidiary shall become a Borrowing Subsidiary, (ii) the Agent shall have received an Assumption Letter with respect to such Subsidiary, (iii) all documents, including without limitation all Notes, required to be delivered by any Borrowing Subsidiary in connection with the

execution and delivery of an Assumption Letter shall have been delivered, and (iv) all conditions precedent to such Subsidiary being a Borrowing Subsidiary shall have been satisfied in full;

(f) the Agent shall have received executed Uniform Commercial Code financing statements on form UCC-3 for assignments, with the identity of the "Assignee" left blank, reflecting the assignment of all Uniform Commercial Code financing statements on form UCC-1 previously filed and showing the applicable Borrower as "Secured Party" and the applicable Operator as "Debtor", with respect to each Project included as an Eligible Project on the Borrowing Base Certificate delivered under Section 6.2(b);

(g) the representations and warranties of the Credit Parties set forth in Article VII and in each of the other Loan Documents shall be true and correct in all material respects on and as of the date of such Advance, with the same effect as though such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date and except that the financial statements referred to in Section 7.11(a) shall be deemed to be those financial statements most recently delivered to the Agent and the Lenders pursuant to Section 8.1 from the date financial statements are delivered to the Agent and the Lenders in accordance with such Section;

(h) at the time of (and after giving effect to) each Advance, no Default or Event of Default specified in Article X shall have occurred and be continuing; and

(i) immediately after giving effect to a Loan:

(i) the aggregate principal balance of all outstanding Loans for each Lender shall not exceed such Lender's Revolving Credit Commitment;

(ii) the Revolving Credit Outstandings shall not exceed the lesser of (A) the Total Revolving Credit Commitment or (B) the Maximum Available Amount; and

(iii) the Revolving Credit Outstandings shall not exceed the Borrowing Base.

ARTICLE VII

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Representations and Warranties

Each of the Borrowers represents and warrants with respect to itself and to its Subsidiaries (which representations and warranties shall survive the delivery of the documents mentioned herein and the making of Loans), that:

7.1. Organization.

(a) Each Borrower and each Subsidiary is a corporation, partnership, limited liability company or other legal entity duly organized and validly existing under the laws of its state of organization and has the power and authority to own its assets and to transact the business in which it is presently engaged and in which it proposes to be engaged.

(b) Each Borrower is in good standing in its state of organization and in each state in which it is qualified to do business. There are no jurisdictions other than as set forth on Schedule 7.1 hereto in which the

character of the properties owned or proposed to be owned by each Borrower or in which the transaction of the business of each Borrower as now conducted or as proposed to be conducted requires or will require such Borrower to qualify to do business and as to which failure so to qualify could have a Material Adverse Effect on such Borrower.

7.2. Power, Authority, Consents. Each Borrower has the power to execute, deliver and perform the Loan Documents to be executed by it. Each Borrower has the power to borrow hereunder and has taken all necessary corporate action to authorize the borrowing hereunder on the terms and conditions of this Agreement. Each Borrower has taken all necessary action, corporate or otherwise, to authorize the execution, delivery and performance of the Loan Documents to be executed by it. No consent or approval of any Person (including, without limitation, any stockholder of any Borrower), no consent or approval of any landlord or mortgagee, no waiver of any Lien or right of distraint or other similar right and no consent, license, certificate of need, approval, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the execution, delivery or performance by each Borrower, or the validity or enforcement of the Loan Documents, except as set forth on Schedule 7.2 hereto, each of which either has been duly and validly obtained on or prior to the date hereof and is now in full force and effect, or is designated on Schedule 7.2 as waived by the Required Lenders.

7.3. No Violation of Law or Agreements. The execution and delivery by each Borrower of each Loan Document to which it is a party and performance by it hereunder and thereunder, will not violate any provision of law and will not conflict with or result in a breach of any order, writ, injunction, ordinance, resolution, decree, or other similar document or instrument of any court or governmental authority, bureau or agency, domestic or foreign, or any certificate of incorporation or by-laws of each Borrower, or create (with or without the giving of notice or lapse of time, or both) a default under or breach of any agreement, bond, note or indenture to which any Borrower is a party, or by which any Borrower is bound or any of their respective properties or assets is affected, except for such defaults and breaches which in the aggregate could not have a Material Adverse Effect on

the Borrowers, or result in the imposition of any Lien of any nature whatsoever upon any of the properties or assets owned by or used in connection with the business of each Borrower.

7.4. Due Execution, Validity and Enforceability. This Agreement and each other Loan Document to which each Borrower is a party has been duly executed and delivered by each Borrower that is a party thereto and each constitutes the valid and legally binding obligation of each Borrower, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally and except that the remedy of specific performance and other equitable remedies are subject to judicial discretion.

7.5. Solvency. HCN and its Subsidiaries, on a consolidated basis, are Solvent after giving effect to the transactions contemplated by the Loan Documents.

7.6. Subsidiaries and Stockholders. HCN has no Subsidiaries other than those Persons listed as Subsidiaries in Schedule 7.6 and additional Subsidiaries created or acquired after the Closing Date; Schedule 7.6 states as of the date hereof the organizational form of each entity, the authorized and issued capitalization of each Subsidiary listed thereon, the number of shares or other equity interests of each class of capital stock or interest issued and outstanding of each such Subsidiary and the number and/or percentage of

outstanding shares or other equity interest (including options, warrants and other rights to acquire any interest) of each such class of capital stock or other equity interest owned by HCN or by any such Subsidiary; the outstanding shares or other equity interests of each such Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable; and HCN and each such Subsidiary owns beneficially and of record all the shares and other interests it is listed as owning in Schedule 7.6, free and clear of any Lien.

7.7. Title to Properties. Each of the Borrowers has good and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary course of its business, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect.

7.8. Judgments, Actions, Proceedings. Except as set forth on Schedule 7.8 hereto, there are no outstanding judgments, investigations, actions or proceedings, including, without limitation, any Environmental Proceeding, pending before any court or governmental authority, bureau or agency, with respect to or, to the best of each Borrower's knowledge, threatened against or affecting such Borrower or any of its assets involving, in the case of any court proceeding, a claim in excess of Two Hundred Fifty Thousand (\$250,000) Dollars, nor, to the best of each Borrower's knowledge, is there any reasonable basis for the institution of any such action or proceeding that is probable of assertion, nor are there any such actions or proceedings in which any Borrower is a plaintiff or complainant.

7.9. No Defaults; Compliance With Laws. Except as set forth on Schedule 7.9 hereto, none of the Borrowers is in default under any agreement, ordinance, resolution, decree, bond, note, indenture, order or judgment to which it is a party or by which it is bound, or any other agreement or other instrument by which any of the properties or assets owned by it or used in the conduct of

its business is affected, which default could have a Material Adverse Effect on such Borrower. Each Borrower has complied and is in compliance in all respects with all applicable laws, ordinances and regulations, resolutions, ordinances, decrees and other similar documents and instruments of all courts and governmental authorities, bureaus and agencies, domestic and foreign, including, without limitation, all applicable provisions of the Americans with Disabilities Act (42 U.S.C. 12101-12213) and the regulations issued thereunder and all applicable Environmental Laws and Regulations, non-compliance with which could have a Material Adverse Effect on such Borrower.

7.10. Burdensome Documents. Except as set forth on Schedule 7.10 hereto, none of the Borrowers is a party to or bound by, nor are any of the properties or assets owned by any of the Borrowers used in the conduct of their respective businesses affected by, any agreement, ordinance, resolution, decree, bond, note, indenture, order or judgment, including, without limitation, any of the foregoing relating to any Environmental Liability, that materially and adversely affects their respective businesses, assets or conditions, financial or otherwise.

7.11. Financial Statements; Projections.

(a) HCN has heretofore furnished to each Lender an audited consolidated and related consolidating balance sheet of HCN and its Subsidiaries as at December 31, 1997 and the notes thereto and the related consolidated statements of income, stockholders' equity and cash flows for the Fiscal Year then ended as examined and certified by Ernst & Young, and unaudited consolidated and consolidating interim financial statements of the Borrower and its Subsidiaries consisting of a consolidated and consolidating balance sheets and related consolidated and consolidating statements of income, stockholders' equity and cash flows, in each case without notes, for and as of the end of the nine-month period ending September 30, 1998. Except as set

forth therein, such financial statements (including the notes thereto) present fairly the financial condition of HCN and its Subsidiaries as of the end of such Fiscal Year and nine-month period and results of their operations and the changes in its stockholders' equity for the Fiscal Year and interim period then ended, all in conformity with GAAP applied on a Consistent Basis, subject however, in the case of unaudited interim statements to year end audit adjustments;

(b) since the later of (i) the date of the audited financial statements delivered pursuant to Section 7.11(a) hereof or (ii) the date of the audited financial statements most recently delivered pursuant to Section 8.1(a) hereof, there has been no material adverse change in the condition, financial or otherwise, of HCN or any of its Subsidiaries or in the businesses, properties, performance, prospects or operations of HCN or its Subsidiaries, nor have such businesses or properties been materially adversely affected as a result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo or act of God; and

(c) except as set forth in the financial statements referred to in Section 7.11(a) or in Schedule 9.2 or permitted by Section 9.2, neither Borrower nor any Subsidiary has incurred, other than in the ordinary course of business, any material Indebtedness, Contingent Obligation or other commitment or liability which remains outstanding or unsatisfied.

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7.12. Tax Returns. Each Borrower has filed all federal, state and local tax returns required to be filed by it and has not failed to pay any taxes, or interest and penalties relating thereto, on or before the due dates thereof. Except to the extent that reserves therefor are reflected in the Financial Statements: (i) there are no material federal, state or local tax liabilities of any of the Borrowers, due or to become due for any tax year ended on or prior to the date of the Latest Balance Sheet relating to such entity, whether incurred in respect of or measured by the income of such entity, that are not properly reflected in the Latest Balance Sheet relating to such entity, and (ii) there are no material claims pending or to the knowledge of each of the Borrowers, proposed or threatened against such Borrower for past federal, state or local taxes, except those, if any, as to which proper reserves are reflected in the Financial Statements.

7.13. Intangible Assets. Each Borrower possesses all patents, trademarks, service marks, trade names, and copyrights, and rights with respect to the foregoing, necessary to conduct its business as now conducted and as proposed to be conducted, without any conflict with the patents, trademarks, service marks, trade names, and copyrights and rights with respect to the foregoing, of any other Person.

7.14. Regulation U. No part of the proceeds received by any of the Borrowers from the Loans will be used directly or indirectly for: (a) any purpose other than as set forth in this Agreement, or (b) the purpose of purchasing or carrying, or for payment in full or in part of Indebtedness that was incurred for the purposes of purchasing or carrying, any "margin stock", as such term is defined in Section 221.3 of Regulation U of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, Part 221.

7.15. Name Changes, Mergers, Acquisitions. Except as set forth on Schedule 7.15 hereto, none of the Borrowers has within the six-year period immediately preceding the date of this Agreement changed its name, been the surviving entity of a merger or consolidation, or acquired all or substantially all of the assets of any Person.

7.16. Full Disclosure. Neither the Financial Statements nor any certificate, opinion, or any other statement made or furnished in writing to the

Agent or any Lender by or on behalf of the Borrowers in connection with this Agreement or the transactions contemplated herein, contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading, as of the date such statement was made. There is no fact known to any Borrower that has, or would in the now foreseeable future have, a Material Adverse Effect on such Borrower, which fact has not been set forth herein, in the Financial Statements or any certificate, opinion or other written statement so made or furnished to the Agent or the Lenders.

7.17. Licenses and Approvals.

(a) Each Borrower has all necessary licenses, permits and governmental authorizations, including, without limitation, licenses, permits and authorizations arising under or relating to Environmental Laws and Regulations, to own and operate its properties

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and to carry on its business as now conducted, the absence of which would have a Material Adverse Effect on the Borrowers.

(b) To the best of HCN's knowledge, no violation exists of any applicable law pertaining to the ownership or operation of any Project or any Operator that would have a reasonable likelihood of leading to revocation of any license necessary for the operation of such Project.

7.18. ERISA.

(a) Except as set forth on Schedule 7.18 hereto, no Employee Benefit Plan is maintained or has ever been maintained by any Loan Party or any ERISA Affiliate, nor has any Loan Party or any ERISA Affiliate ever contributed to a Multiemployer Plan.

(b) There are no agreements which will provide payments to any officer, employee, shareholder or highly compensated individual which will be "parachute payments" under 280G of the Code that are nondeductible to any Loan Party and which will be subject to tax under Section 4999 of the Code for which any Loan Party will have a material withholding liability.

7.19. No Default. As of the date hereof, there does not exist any Default or Event of Default hereunder.

7.20. Environmental Laws. Except as listed on Schedule 7.20, each Borrower and each Subsidiary is in compliance with all applicable Environmental Laws and has been issued and currently maintains all required federal, state and local permits, licenses, certificates and approvals. Except as listed on Schedule 7.20, no Borrower or any Subsidiary has been notified of any pending or threatened action, suit, proceeding or investigation, and no Borrower or any Subsidiary is aware of any facts, which (a) calls into question, or could reasonably be expected to call into question, compliance by any Borrower or any Subsidiary with any Environmental Laws, (b) seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval necessary for the operation of any Borrower's or any Subsidiary's business or facilities or for the generation, handling, storage, treatment or disposal of any Hazardous Materials, or (c) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any property of any Borrower or any Subsidiary or other Credit Party to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law.

7.21. Year 2000 Compliance. Each Borrower and its Subsidiaries have (i) initiated a review and assessment of all areas within its and each of its

Subsidiaries' business and operations (including those affected by information received from suppliers and vendors) that could reasonably be expected to be adversely affected by the Year 2000 Problem, (ii) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) to date, implemented that plan substantially in accordance with that timetable. Each Borrower reasonably believes that all computer applications (including those affected by information received from its suppliers and vendors) that

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are material to its or any of its Subsidiaries' business and operations will on a timely basis be Year 2000 Compliant, except to the extent that a failure to do so could not reasonably be expected to have Material Adverse Effect.

7.22. REIT Status. HCN currently has REIT Status and has maintained REIT Status on a continuous basis since its formation. None of the Subsidiaries of HCN currently has REIT Status.

ARTICLE VIII

Affirmative Covenants

Until the Facility Termination Date, unless the Required Lenders shall otherwise consent in writing, each Borrower will, and where applicable will cause each Subsidiary to:

8.1. Financial Reports, Etc. (a) Annually, as soon as available, but in any event within ninety (90) days after the last day of each of each Fiscal Year of HCN, deliver or cause to be delivered to the Agent and each Lender (i) a consolidated balance sheet of HCN and its Subsidiaries as at such last day of the Fiscal Year, and consolidated statements of income and retained earnings and statements of cash flow, for such Fiscal Year, each prepared in accordance with GAAP applied on a Consistent Basis, in reasonable detail, and certified without qualification by a nationally recognized independent public accounting firm or by any other certified public accounting firm satisfactory to the Agent as fairly presenting the financial position and results of operations of HCN and its Subsidiaries as at and for the year ending on its date and as having been prepared in accordance with GAAP; provided, however, HCN may satisfy its obligations to deliver the financial statements described in this Section 8.1(a)(i) by furnishing to the Agent and the Lenders a copy of its annual report on Form 10-K in respect of such Fiscal Year together with the financial statements required to be attached thereto, provided HCN is required to file such annual report on Form 10-K with the Securities and Exchange Commission and such filing is actually made, and (ii) a Compliance Certificate dated as of the end of such Fiscal Year;

(b) as soon as available, but in any event within forty-five (45) days after the end of each fiscal quarter of HCN (except the last fiscal quarter of the Fiscal Year), deliver to the Agent and each Lender (i) a consolidated balance sheet of HCN and the Subsidiaries as of the last day of such quarter and consolidated statements of income and retained earnings and statements of cash flow, for such quarter, and on a comparative basis figures for the corresponding period of the immediately preceding Fiscal Year, all in reasonable detail, each such statement to be certified in a certificate of the chief financial officer of HCN as accurately presenting the financial position and the results of operations of HCN and its Subsidiaries as at its date and for such quarter and as having been prepared in accordance with GAAP (subject to year-end audit adjustments); provided, however, HCN may satisfy its obligations to deliver the financial statements described in this Section 8.1(b)(i) by furnishing to the Agent and the Lenders a copy of its quarterly report on Form 10-Q in respect of such fiscal quarter together with the financial statements required to be attached thereto, provided HCN is required to file such quarterly report to Form 10-Q with the Securities and Exchange Commission and such filing is actually made, and (ii) a Compliance Certificate containing computations for such fiscal quarter and dated as of the end of such fiscal quarter;

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(c) together with each delivery of the financial statements required by Section 8.1(a)(i), deliver to the Agent and each Lender a certificate of the independent certified public accountants of HCN addressed specifically to both HCN and the Agent to the effect that during the course of their audit of the operations of HCN and its Subsidiaries and its condition as of the end of the Fiscal Year, nothing has come to their attention which would indicate that a Default or an Event of Default hereunder has occurred or that there was any violation of the covenants of HCN and its Subsidiaries contained in Article 9 of this Agreement, or, if such cannot be so certified, specifying in reasonable detail the exceptions, if any, to such statement;

(d) not later than the last Business Day of each Fiscal Year, deliver to the Agent and each Lender a capital and operating expense budget and consolidated financial projections for HCN and its Subsidiaries for the next Fiscal Year, prepared in accordance with GAAP applied on a Consistent Basis;

(e) not later than fifteen (15) days after the end of each fiscal quarter, deliver to the Agent and each Lender a Borrowing Base Certificate, together with all attachments and documents required to be delivered in connection therewith as herein or therein specified;

(f) promptly following the occurrence of any Borrowing Base Adjustment Event, and in no event later than five (5) Business Days thereafter, deliver to the Agent and each Lender a Borrowing Base Adjustment Certificate, a Borrowing Base Certificate, and in the event such Borrowing Base Adjustment Event involves a change in the Project Classification of any Project, an Eligible Project Certificate with respect to such Project;

(g) deliver to the Agent and each Lender a Borrowing Base Covenant Certificate (A) not later than fifteen (15) days after the end of each fiscal quarter, and (B) promptly upon any officer of any Borrower obtaining knowledge or notice of any Project being out of compliance with any Borrowing Base Covenant, and in no event later than five (5) Business Days after receipt of such knowledge;

(h) promptly, from time to time, deliver or cause to be delivered to the Agent and each Lender such other information regarding any Borrower's and any Subsidiary's operations, business affairs and financial condition as the Agent or such Lender may reasonably request;

(i) prior to any Project being added to the Borrowing Base, deliver to the Agent an Eligible Project Certificate with respect to such Project and a Borrowing Base Certificate reflecting the inclusion of such Project, together with all documents to be provided in connection therewith as herein or therein specified;

(j) not later than January 31st of each year, deliver to the Agent copies of HCN's business plan and financial projections for the upcoming three (3) Fiscal Years (together with a copy in writing of the assumptions on which such business plan and projections were based), each certified by HCN's chief financial officer and illustrating the projected income statements, balance sheets and statements of changes in cash flow on a consolidated basis;

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(k) as soon as available, but in any event not more than forty-five (45) days after the end of each fiscal quarter of HCN, deliver to the Agent a copy of each report with respect to the Projects and the Operators delivered to the lending parties to the Fleet Agreement pursuant to Section 5.8(a) of the Fleet Agreement (as in effect on the Closing Date);

(l) within thirty (30) days after the receipt thereof by any Borrower, deliver to the Agent a copy of the annual audited financial statements of each publicly-held Operator delivered to HCN by such Operator or any other Person;

(m) promptly after a written request therefor, deliver to the Agent such other information regarding the financial condition of any Operator as the Agent or any Lender may from time to time reasonably request;

(n) promptly upon their becoming available, deliver to the Agent copies of any (i) financial statements, non-routine reports and notices (other than routine correspondence), any of which are of a material nature, requests for waivers and proxy statements, in each case, delivered by HCN or any of its Subsidiaries to any of their respective existing lending institutions or creditors; (ii) correspondence or notices received by HCN from any federal, state or local governmental authority that regulates the operations of HCN or any of its Subsidiaries, relating to an actual or threatened change or development that would be materially adverse to HCN or any Subsidiary or any Eligible Project; (iii) registration statements and any amendments and supplements thereto, and any regular and periodic reports, if any, filed by HCN or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any or all of the functions of the said Commission; and (iv) at the request of the Agent, any appraisals received by HCN or any of its Subsidiaries with respect to the properties or assets of HCN or its Subsidiaries during the term of this Agreement;

(o) promptly upon the occurrence thereof, deliver to the Agent any documents and correspondence relating to any change in the status of any Operator with respect to the Operator's management or operation of, or activities pertaining to, any Project, including without limitation any Medicare or Medicaid status;

(p) promptly after a written request therefor, deliver to the Agent any appraisals received by HCN or any Subsidiary with respect to the properties or assets of HCN or any Subsidiary;

(q) promptly after a written request therefor, deliver to the Agent such other financial information and data or information demonstrating compliance with the requirements of this Agreement, the Notes and the other Loan Documents, as the Agent or any Lender may reasonably request from time to time;

(r) promptly after a written request therefor, deliver to the Agent, with respect to any Project included or proposed to be included in the Borrowing Base, any market study, plan and cost review, verification of costs to date and contractor review;

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(s) promptly upon receipt thereof, deliver to the Agent and the Lenders copies of all material reports submitted to HCN by its independent accountants in connection with any annual or interim audit of the books of HCN or its Subsidiaries made by such accountants which material reports are a necessary part of such annual or interim audit;

(t) upon any officer of any Borrower obtaining knowledge of any Default or Event of Default hereunder or under any other obligation of any Borrower or any Subsidiary or other Credit Party to any Lender, or any event, development or occurrence which could reasonably be expected to have a Material Adverse Effect, cause such officer or an Authorized Representative to promptly notify the Agent of the nature thereof, the period of existence thereof, and what action such Borrower or such Subsidiary or other Credit Party proposes to take with respect thereto;

(u) concurrently with such filing, deliver to the Agent a copy of each

Form 5500 that is filed with respect to each Plan with the IRS;

(v) promptly, upon their becoming available, deliver to the Agent copies of: (i) all correspondence with the PBGC, the Secretary of Labor or any representative of the IRS with respect to any Plan, relating to an actual or threatened change or development that would be materially adverse to any Borrower as to HCN and its Subsidiaries; (ii) all actuarial valuations received by any Borrower with respect to any Plan; and (iii) any notices of Plan termination filed by any Plan Administrator (as those terms are used in ERISA) with the PBGC and of any notices from the PBGC to any Borrower with respect to the intent of the PBGC to institute involuntary termination proceedings;

(w) upon any officer or any representative of any Borrower or any Authorized Representative receiving any request by any Operator that a Borrower consent to any assignment, sublease, mortgage, hypothecation, pledge, or any other transfer of the interest of such Operator in any lease of a Project, or in the leased property of the Project, in whole or in part, cause such officer or an Authorized Representative to promptly notify the Agent of the nature of such request and the terms of the proposed action to be taken by such Operator, and to deliver to the Agent all documents received by any Borrower in connection with such request; and

(x) promptly after a written request therefor, deliver to the Agent and the Lenders such other material additional information regarding the business, affairs and condition of any Borrower as the Agent may from time to time request, including, without limitation, quarterly schedules, in form and substance satisfactory to the Agent, with respect to HCN on a consolidated basis, of recorded liabilities, unfunded commitments, contingent liabilities and other similar material items.

8.2. Books and Records. Keep proper books of record and account in a manner reasonably satisfactory to the Agent in which full and true entries shall be made of all dealings or transactions in relation to its business and activities.

8.3. Inspections and Audits. Permit the Agent to make or cause to be made (prior to an Event of Default, at the Lenders' expense and after the occurrence of and during the continuance of an Event of Default, at the Borrowers' expense), inspections and audits of any books,

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records and papers of HCN or any Subsidiary and to make extracts therefrom and copies thereof, including without limitation any plans and specifications with respect to any Project, or to make appraisals, inspections and examinations of any properties and facilities of HCN or any Subsidiary, on reasonable notice, at all such reasonable times and as often as any Lender may reasonably require, in order to assure that the Borrowers are and will be in compliance with their obligations under the Loan Documents or to evaluate the investment in the then outstanding Notes.

8.4. Maintenance and Repairs. Cause to be maintained in good repair, working order and condition, subject to normal wear and tear, all material properties and assets from time to time owned by HCN or any Subsidiary and used in or necessary for the operation of its businesses, and make or cause to be made all reasonable repairs, replacements, additions and improvements thereto.

8.5. Continuance of Business. Do, or cause to be done, all things reasonably necessary to preserve and keep in full force and effect the corporate existence of HCN or any Subsidiary and all permits, rights and privileges necessary for the proper conduct of its business, and continue to engage in the same line of business and compliance in all material respects with all applicable laws, regulations and orders.

8.6. Copies of Corporate Documents. Subject to the prohibitions set forth in Section 9.7 hereof, promptly deliver to the Agent copies of any amendments or modifications to the certificate of incorporation and by-laws of HCN or any Subsidiary, certified with respect to the certificate of incorporation by the Secretary of State of its state of incorporation and, with respect to the by-laws, by the secretary or assistant secretary of such corporation.

8.7. Perform Obligations. Pay and discharge all of the obligations and liabilities of HCN or any Subsidiary, including, without limitation, all taxes, assessments and governmental charges upon its income and properties when due, unless and to the extent only that such obligations, liabilities, taxes, assessments and governmental charges shall be contested in good faith and by appropriate proceedings and that, to the extent required by GAAP, proper and adequate book reserves relating thereto are established by HCN or any subsidiary, and then only to the extent that a bond is filed in cases where the filing of a bond is necessary to avoid the creation of a Lien against any of its properties.

8.8. Notice of Litigation. Promptly notify the Agent in writing of any litigation, legal proceeding or dispute, other than disputes in the ordinary course of business or, whether or not in the ordinary course of business, involving amounts in excess of two million five hundred thousand (\$2,500,000) Dollars, affecting HCN or any Subsidiary or pertaining to any Project in the Borrowing Base, whether or not fully covered by insurance, and regardless of the subject matter thereof (excluding, however, any actions relating to workers' compensation claims or negligence claims relating to use of motor vehicles, if fully covered by insurance, subject to deductibles).

8.9. Insurance.

(a) (i) Maintain or cause to maintain with responsible insurance companies reasonably acceptable to the Agent such insurance on the properties of HCN or any Subsidiary, in such amounts

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and against such risks as is customarily maintained by similar businesses and cause each Operator to do so, but in any event that insurance required by the terms of the Security Instruments; (ii) file with the Agent upon its request a detailed list of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby; and (iii) within ten (10) days after notice in writing from the Agent, obtain such additional insurance as the Agent may reasonably request; and

(b) Carry all insurance available through the PBGC or any private insurance companies covering its obligations to the PBGC.

8.10. Notice of Certain Events.

(a) Promptly notify the Agent in writing of the occurrence of any Reportable Event, as defined in Section 4043 of ERISA, if a notice of such Reportable Event is required under ERISA to be delivered to the PBGC within 30 days after the occurrence thereof, together with a description of such Reportable Event and a statement of the action the Borrower(s) or the ERISA Affiliate intends to take with respect thereto, together with a copy of the notice thereof given to the PBGC.

(b) Promptly notify the Agent in writing if any Borrower or any ERISA Affiliate receives an assessment of withdrawal liability in connection with a complete or partial withdrawal with respect to any Multiemployer Plan, together with a statement of the action that such Borrower or ERISA Affiliate intends to take with respect thereto.

(c) Promptly notify the Agent in writing if any Borrower receives: (i) any notice of any violation or administrative or judicial complaint or order having been filed or about to be filed against such Borrower alleging violations of any Environmental Law and Regulation, or (ii) any notice from any governmental body or any other Person alleging that such Borrower is or may be subject to any Environmental Liability; and promptly upon receipt thereof, provide the Agent with a copy of such notice together with a statement of the action such Borrower intends to take with respect thereto.

8.11. Comply With ERISA. Materially comply with all applicable provisions of ERISA and the Code now or hereafter in effect.

8.12. Environmental Compliance. Operate or cause to operate all property owned, operated or leased by it in compliance with all Environmental Laws and Regulations, such that no Environmental Liability arises under any Environmental Laws and Regulations, which would result in a Lien on any property of any Borrower.

8.13. INDEMNIFICATION. WITHOUT LIMITING THE GENERALITY OF SECTION 12.9, EACH BORROWER HEREBY AGREES JOINTLY AND SEVERALLY TO INDEMNIFY AND HOLD THE AGENT AND THE LENDERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, PENALTIES, LIABILITIES, DAMAGES AND EXPENSES

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(INCLUDING ASSESSMENT AND CLEANUP COSTS AND REASONABLE ATTORNEYS', CONSULTANTS' OR OTHER EXPERT FEES, EXPENSES AND DISBURSEMENTS) ARISING DIRECTLY OR INDIRECTLY FROM, OUT OF OR BY REASON OF (A) THE VIOLATION OF ANY ENVIRONMENTAL LAW BY THE BORROWER OR ANY SUBSIDIARY OR WITH RESPECT TO ANY PROPERTY OWNED, OPERATED OR LEASED BY THE BORROWER OR ANY SUBSIDIARY OR (B) THE HANDLING, STORAGE, TRANSPORTATION, TREATMENT, EMISSION, RELEASE, DISCHARGE OR DISPOSAL OF ANY HAZARDOUS MATERIALS BY OR ON BEHALF OF THE BORROWER OR ANY SUBSIDIARY, OR ON OR WITH RESPECT TO PROPERTY OWNED OR LEASED OR OPERATED BY THE BORROWER OR ANY SUBSIDIARY. THE PROVISIONS OF THIS SECTION 8.13 SHALL SURVIVE THE FACILITY TERMINATION DATE AND EXPIRATION OR TERMINATION OF THIS AGREEMENT.

8.14. Maintenance of REIT Status. Maintain its REIT Status.

8.15. Long-Term Care Facilities. Ensure that not less than seventy (70%) percent of its investments in Projects, whether as owner or mortgagee, are in Long-Term Care Facilities.

8.16. Behavioral Care Facilities. Ensure that not more than ten (10%) percent of its investments in Projects, whether as owner or mortgagee, are in Projects classified as "Behavioral Care".

8.17. Operator Concentration. Ensure that not more than twenty (20%) percent of the Borrowers' investments are in Projects maintained with a single Operator (including any Affiliates of such Operator).

8.18. Year 2000 Compliance. Each Borrower will promptly notify the Agent and the Lenders in the event such Borrower discovers or determines that any computer application (including those affected by information received from its suppliers and vendors) that is material to its or any of its Subsidiaries' business and operations will not be Year 2000 Compliant on a timely basis, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect.

8.19. Governmental Licenses. Obtain and maintain all licenses, permits, certifications and approvals of all applicable Governmental Authorities as are required for the conduct of its business as currently conducted and as

contemplated by the Loan Documents.

8.20. Further Assurances. At the Borrowers' cost and expense, upon request of the Agent, duly execute and deliver or cause to be duly executed and delivered, to the Agent such further instruments, documents, certificates, financing and continuation statements, and do and cause to be done such further acts that may be reasonably necessary or advisable in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Agreement, the Security Instruments and the other Loan Documents.

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8.21. Fleet Agreement Amendment. In the event that HCN or any Subsidiary agrees to any amendment of the Fleet Agreement, (i) the Borrowers shall give prompt notice thereof to the Agent, (ii) in the event that such amendment will have the effect of making more restrictive any financial covenant found in Section 6.9 of the Fleet Agreement (as in effect on the Closing Date) or any successor provision thereof, the Borrowers and the Agent shall (unless waived by the Required Lenders) amend the applicable financial covenants found in this Agreement to match the changes to the Fleet Agreement as closely as possible, and (iii) in the event of any other amendment to the Fleet Agreement, the Borrowers shall enter into good faith negotiations with the Agent to amend this Agreement as necessary to preserve the credit quality, status and intent of this Agreement.

ARTICLE IX

Negative Covenants

Until the Obligations have been paid and satisfied in full and this Agreement has been terminated in accordance with the terms hereof, unless the Required Lenders shall otherwise consent in writing, no Borrower will, nor will any Borrower permit any Subsidiary to:

9.1. Financial Covenants.

(a) Leverage Ratio. Permit the ratio of Funded Indebtedness of HCN and its Subsidiaries, on a consolidated basis, to Tangible Net Worth of HCN and its Subsidiaries, on a consolidated basis (the "Leverage Ratio"), to be greater than 1.10:1.00; provided, so long as the Leverage Ratio for any two consecutive fiscal quarters does not exceed 1.10:1.00 (each, a "Leverage Test Period"), then the Leverage Ratio for the two consecutive fiscal quarters immediately succeeding such Leverage Test Period may increase to a maximum of 1.20:1.00;

(b) Tangible Net Worth. Permit Tangible Net Worth of HCN and its Subsidiaries, on a consolidated basis, to be less than the Base Net Worth Amount, plus 100% of the Net Issuance Proceeds received by HCN (or any of its Subsidiaries) in connection with the issuance of any equity interest in HCN (or any of its Subsidiaries) other than any such equity interests issued in connection with any dividend reinvestment program(s). For purposes of this Section 9.1(b), "Base Net Worth Amount" shall mean \$300,000,000 plus 100% of the Net Proceeds of any issuance of any equity interest in any Borrower (other than any equity issuance in connection with any dividend reinvestment program) from March 28, 1997 to and including the Closing Date;

(c) Interest Coverage. Permit at any time the Interest Coverage to be less than 200%; and

(d) HCN's Fixed Coverage Ratio. Permit at any time HCN's Fixed Coverage Ratio to be less than 1.05 to 1.00.

9.2. Indebtedness. Create, incur, permit to exist or have outstanding any Indebtedness, except:

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(a) Indebtedness of the Borrowers to the Lenders and the Agent and under this Agreement and the Notes;

(b) taxes, assessments and governmental charges, non-interest bearing accounts payable and accrued liabilities, in any case not more than 90 days past due from the original due date thereof (unless the failure to satisfy such obligations is pursuant to the good faith contest by appropriate dispute or other proceedings as set forth in Section 8.7 hereof), and noninterest bearing deferred liabilities other than for borrowed money (e.g., deferred compensation and deferred taxes), in each case incurred and continuing in the ordinary course of business;

(c) Indebtedness secured by the security interests on property other than the Collateral referred to in Section 9.3(b) hereof;

(d) Indebtedness consisting of contingent obligations permitted by Section 9.4 hereof;

(e) unsecured Indebtedness;

(f) in addition to the Indebtedness otherwise permitted under this Section 9.2, Indebtedness secured by Liens on property other than the Collateral provided that immediately after giving effect to the incurrence of such Indebtedness, the total outstanding amount of such Indebtedness of HCN, on a consolidated basis, does not exceed fifteen (15%) percent of HCN's consolidated Tangible Net Worth as of the end of the most recently completed fiscal quarter of HCN; and

(g) as set forth on Schedule 9.2 hereto.

9.3. Liens. Create, or assume or permit to exist, any Lien on any of the properties or assets of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, except:

(a) Permitted Liens;

(b) purchase money Liens on property acquired or held by HCN or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that (i) any such Lien attaches to such property concurrently with or within twenty (20) days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, (iii) the principal amount of the debt secured thereby does not exceed 100% of the cost of such property, and (iv) the aggregate amount of all such Indebtedness on a consolidated basis for HCN and its Subsidiaries shall not at any time exceed \$1,000,000.00;

(c) Liens securing Indebtedness permitted under Section 9.2(f) hereof; and

(d) Liens as set forth on Schedule 9.3 hereto.

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9.4. Guaranties. Assume, endorse, be or become liable for, or guarantee, the obligations of any Person, except (i) by the endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (ii) guarantees in support of Projects if, after giving effect to the proposed guarantee, the aggregate amount of all such obligations guaranteed by

the Borrowers, or any of them (exclusive of the guarantees referred to in Section 9.4(iii) hereof), would not exceed Thirty Million (\$30,000,000) Dollars, and (iii) as set forth on Schedule 9.2 hereof. For the purposes hereof, the term "guarantee" shall include any agreement, whether such agreement is on a contingency or otherwise, to purchase, repurchase or otherwise acquire Indebtedness of any other Person, or to purchase, sell or lease, as lessee or lessor, property or services, in any such case primarily for the purpose of enabling another person to make payment of Indebtedness, or to make any payment (whether as an advance, capital contribution, purchase of an equity interest or otherwise) to assure a minimum equity, asset base, working capital or other balance sheet or financial condition, in connection with the Indebtedness of another Person, or to supply funds to or in any manner invest in another Person in connection with such Person's Indebtedness.

9.5. Mergers and Acquisitions. Merge or consolidate with any Person, or, acquire all or substantially all of the assets or any of the capital stock of any Person unless (a) a Borrower is the surviving entity, (b) no Default or Event of Default exists or will occur after giving effect thereto, and (c) the consideration paid in connection with any such merger or acquisition does not exceed an amount equal to ten (10%) percent of Healthcare Assets as at the date of the consummation of such transaction, prior to giving effect to such transaction.

9.6. Distributions. Declare or pay any dividends or make any distribution of any kind on HCN's outstanding stock, or set aside any sum for any such purpose, except that:

(a) HCN may declare and make dividend payments or other distributions payable solely in its common stock;

(b) HCN may declare and pay cash dividends if, and only if: (x) at the time of such payment and after giving effect thereto, no Event of Default shall exist hereunder, and (y) after giving effect to such dividend payment, the aggregate amount of all dividends declared and paid during the Fiscal Year of HCN in which such payment is proposed to be made would not exceed an amount equal to ninety-five (95%) percent of EBITDA (as shown on the audited consolidated income statement of HCN for such fiscal year furnished to the Agent in accordance with Section 8.1(a) hereof); and

(c) if a Default or an Event of Default exists or will occur as a result of the dividend payment, HCN may declare and pay dividends to the minimum extent necessary (taking into account any dividends or distributions otherwise made) to generate the minimum deduction for dividends paid during each year that would be required to satisfy Code Section 857(a)(1).

9.7. Changes in Structure. Amend, supplement or modify the certificate of incorporation or by-laws of any Borrower in a manner which would be reasonably likely to cause a Material Adverse Effect.

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9.8. Disposition of Assets. Make any Disposition of Property, or enter into any agreement to do so, unless (a) the Disposition is at fair market value, (b) at the time of the Disposition no Event of Default exists, and (c) any mandatory prepayment required in connection therewith under Section 2.1(b) or Section 2.1(e) is made as provided therein.

9.9. Investments. Make, or suffer to exist, any Investment in any Person, including, without limitation, any shareholder, director, officer or employee of HCN or any of its Subsidiaries, except:

(a) Investments in:

(i) obligations issued or guaranteed by the United States of America;

(ii) certificates of deposit, bankers acceptances and other "money market instruments" issued by any bank or trust company organized under the laws of the United States of America or any State thereof and having capital and surplus in an aggregate amount of not less than \$100,000,000;

(iii) open market commercial paper bearing the highest credit rating issued by S&P or by another nationally recognized credit rating agency;

(iv) repurchase agreements entered into with any bank or trust company organized under the laws of the United States of America or any State thereof and having capital and surplus in an aggregate amount of not less than \$100,000,000 relating to United States of America government obligations; and

(v) shares of "money market funds", each having net assets of not less than \$100,000,000;

in each case maturing or being due or payable in full not more than 180 days after the Borrowers' acquisition thereof;

(b) Investments by HCN in any Borrowing Subsidiary, and by any Borrowing Subsidiary in HCN or another Borrowing Subsidiary;

(c) the acquisition by HCN and its Subsidiaries, on a consolidated basis, of healthcare assets consisting of Projects and mortgages in favor of a Borrower upon such Projects and, subject to Section 9.9(d) below, Investments in Operators in the ordinary course of business;

(d) Investments in any Person provided that the aggregate Cash portion of all such Investments does not exceed an amount equal to ten (10%) percent of Healthcare Assets as at any date of determination thereof, prior to giving effect to any such Investment;

For purposes of Sections 9.9(a) through (d) and Section 9.15 hereof, "Investments" shall mean, by any Person:

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(i) the amount paid or committed to be paid, or the value of property or services contributed or committed to be contributed, by such Person for or in connection with the acquisition by such Person of any stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person; and

(ii) the amount of any advance, loan or extension of credit by such Person, to any other Person, or guaranty or other similar obligation of such Person with respect to any Indebtedness of such other Person, and (without duplication) any amount committed to be advanced, loaned, or extended by such Person to any other Person, or any amount the payment of which is committed to be assured by a guaranty or similar obligation by such Person for the benefit of, such other Person.

9.10. Fiscal Year. Change its fiscal year.

9.11. ERISA Obligations. Permit the establishment of any Employee Benefit Plan or amend any Employee Benefit Plan which establishment or amendment could result in liability to any Credit Party or increase the obligation for post-retirement welfare benefits of any Credit Party which liability or increase, individually or together with all similar liabilities and increases, has a Material Adverse Effect on any Credit Party.

9.12. Capital Expenditures. Except as set forth on Schedule 9.12 hereof, make or be or become obligated to make Capital Expenditures in the aggregate for HCN and its Subsidiaries on a consolidated basis, during each fiscal year of HCN and its Subsidiaries, in excess of Three Hundred Fifty Thousand (\$350,000.00) Dollars (exclusive of Investments permitted under Section 9.9 hereof).

9.13. Rental Obligations. Enter into, or permit to remain in effect, any lease (other than Capital Leases that are governed by Section 9.12 hereof), if, after giving effect thereto, the aggregate amount of all rentals and other obligations, including, without limitation, all percentage rents and additional rent, due from HCN and its Subsidiaries thereunder would exceed Three Hundred Fifty Thousand (\$350,000.00) Dollars during any fiscal year.

9.14. Use of Cash. Use, or permit to be used, in any manner or to any extent, each Borrower's Cash from operations for the benefit of any Person, except: (a) in connection with the payment or prepayment of expenses (other than Capital Expenditures) directly incurred for the benefit of each Borrower in the maintenance and operation of its business, in each case only in the ordinary course of its business, (b) for the payment of required payments of principal and interest on Indebtedness of each Borrower permitted to exist hereunder, and (c) for uses that are otherwise specifically permitted by this Agreement.

9.15. Transactions With Affiliates. Except as expressly permitted by this Agreement, directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire assets from an Affiliate; or (d) enter into any other transaction directly or indirectly with or for the benefit of any Affiliate (including, without limitation, guarantees and assumptions of

obligations of an Affiliate); provided, however, that: (i) payments on Investments expressly permitted by Section 9.9 hereof may be made, (ii) any Affiliate who is a natural person may serve as an employee or director of HCN or any Subsidiary and receive reasonable compensation for his services in such capacity, and (iii) HCN or any Subsidiary may enter into any transaction with an Affiliate providing for the leasing of property, the rendering or receipt of services or the purchase or sale of product, inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to HCN or a Subsidiary as the monetary or business consideration that would obtain in a comparable arm's length transaction with a Person not an Affiliate.

9.16. Hazardous Material. Cause or permit: (i) any Hazardous Material to be placed, held, located or disposed of, on, under or at any Project or any part thereof, except for such Hazardous Materials that are necessary for HCN's or any Subsidiary's or any Operator's operation of its business thereon and which shall be used, stored, treated and disposed of in compliance with all applicable Environmental Laws and Regulations or (ii) such Project or any part thereof to be used as a collection, storage, treatment or disposal site for any Hazardous Material. HCN and each Subsidiary acknowledges and agrees that the Agent and the Lenders shall have no liability or responsibility for either:

(a) damage, loss or injury to human health, the environment or natural resources caused by the presence, disposal, release or threatened release of Hazardous Materials on any part of such Project; or

(b) abatement and/or clean-up required under any applicable Environmental Laws and Regulations for a release, threatened release or disposal of any Hazardous Materials located at any Project or used by or in connection with the HCN's or any Subsidiary's or any Operator's business.

9.17. Construction Investments. Permit the outstanding principal amount, accrued interest on and related fees in connection with its Construction Investments to exceed (i) an amount equal to twenty percent (20%) of the Borrowers' consolidated Investments in Healthcare Assets through and including March, 1999, and (ii) an amount equal to seventeen and one-half percent (17.5%) of the Borrowers' consolidated Investments in Healthcare Assets at any time thereafter; provided, the Borrowers shall not make a Construction Investment for a Project unless (A) there is included in the terms thereof an agreement for the conversion of the applicable Borrower's interests in the Project upon the completion thereof into full ownership or a mortgage interest, and (B) if a mortgage interest, the applicable Borrower shall retain a first Lien on such Project.

9.18. Consent to Leasehold Transfers. Without the prior written consent of the Agent (which consent shall not be unreasonably withheld), consent to any assignment, sublease, mortgage, hypothecation, pledge or transfer by any Operator of any of such Operator's interest in any Project, in any lease of any Project, or in the leased property of any Project, in whole or in part; provided, however, that the prior written consent of the Agent shall not be required in connection with an assignment of a leasehold interest in any case where (i) the applicable Borrower is required to consent to the assignment of a leasehold interest to Carematrix Corporation or to Balanced Care Corporation, or an affiliate of either of them, upon satisfaction of certain conditions specified in the

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applicable lease, or (ii) the applicable Borrower has consented, prior to the date hereof, to a future assignment of any leasehold interest to, or the exercise of an option to acquire any leasehold interest by, Carematrix Corporation or to Balanced Care Corporation, or an affiliate of either of them; provided, further, however, that in the event of an assignment of a leasehold interest permitted under subsection (i) or (ii) above, the Borrowers shall deliver to the Agent, promptly upon the occurrence of such an assignment, notice of such assignment and a copy of all documents with respect to such assignment.

9.19. Amendment; Default of Material Contract. Take any action to amend, cancel, terminate, waive any provision of, or consent to the noncompliance with any term of any material contract (material contracts being deemed to include, without limitation, each Operating Lease, each Loan Agreement and each Project Document); provided, however, that a Borrower may take any such action so long as such action (i) does not change a financial provision of any agreement which is the subject of any Security Instrument, unless such change (A) is within such Borrower's customary business practices and is reasonable based upon the financial market conditions at the time of such change, or (B) involves an increase in the lease amount or loan amount of not more than 10%, (ii) does not change any provision in any agreement which is the subject of a Security Instrument and which provision is expressly for the benefit of or is intended to benefit the mortgagee, secured party or assignee with respect thereto, (iii) is taken in the ordinary course of a Borrower's or a Subsidiary's business, (iv) would not result in a Material Adverse Effect, (v) will not have an adverse effect on the interest (including perfection and priority of any security interest or Lien in favor of a Borrower or the Agent for the benefit of the Agent and the Lenders) of the Lenders in such agreement or the assets with respect thereto, and (vi) with respect to any management agreement relating to any Project, does not materially increase any fee or release any party thereto of any material obligation thereunder. If any such amendment, cancellation, termination, waiver, consent or other change to any document is made in compliance with the terms of (i) through (vi) above, the Borrowers will (X) give the Agent prompt notice thereof, and (Y) deliver to the Agent a revised Borrowing Base Certificate, with all attachments required thereunder and hereunder, and an Eligible Project Certificate with respect to each Project affected thereby, in each case after giving effect to such occurrence.]

ARTICLE X

Events of Default and Acceleration

10.1. Events of Default. If any one or more of the following events (herein called "Events of Default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), that is to say:

(a) failure by any Borrower to make any payment or mandatory repayment of principal or interest upon any Loan or other Obligation or to make any payment of any fee when due; or

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(b) failure by any Borrower to perform or observe any of the agreements of a Borrower contained in or Article 9 hereof; or

(c) failure by any Borrower to perform or observe any other term, condition or covenant of this Agreement or of any of the other Loan Documents to which it is a party, which shall remain unremedied for a period of thirty (30) days after notice thereof shall have been given to such Borrower by the Agent; or

(d) the occurrence of any event that constitutes a "Default " or "Event of Default" under the Fleet Agreement, as such terms are defined therein.

(e) (i) failure by HCN or any Subsidiary to perform or observe any term, condition or covenant of any bond, note, debenture, loan agreement, indenture, Contingent Obligation, trust agreement, mortgage, Rate Hedging Obligation or similar instrument to which it is a party or by which it is bound, or by which any of its properties or assets may be affected, other than the Loans and other Obligations (a "Debt Instrument"), so that, as a result of any such failure to perform, the Indebtedness included therein or secured or covered thereby may be declared due and payable prior to the date on which such Indebtedness would otherwise become due and payable; or

(ii) any event or condition referred to in any Debt Instrument shall occur or fail to occur, so that, as a result thereof, the Indebtedness included therein or secured or covered thereby may be declared due and payable prior to the date on which such Indebtedness would otherwise become due and payable; or

(iii) failure to pay any Indebtedness for borrowed money due at final maturity or pursuant to demand under any Debt Instrument;

provided, however, that the provisions of this Section 10.1(e) shall not be applicable to any Debt Instrument that on the date this Section 10.1(e) would otherwise be applicable thereto, relates to or evidences Indebtedness in a principal amount of less than \$1,500,000; or

(f) any representation or warranty made in writing to any of the Lenders or the Agent in any of the Loan Documents or in connection with the making of the Loans, or any certificate, statement or report made or delivered in compliance with this Agreement or any of the Loan Documents, shall have been false or misleading in any material respect when made or delivered; or

(g) HCN or any Subsidiary shall make an assignment for the benefit of creditors, file a petition in bankruptcy, be adjudicated insolvent, petition or apply to any tribunal for the appointment of a

receiver, custodian, or any trustee for it or a substantial part of its assets, or shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or HCN or any Subsidiary shall take any corporate action to authorize any of the foregoing actions; or there shall have been filed any such petition or

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application, or any such proceeding shall have been commenced against it, that remains undismissed for a period of sixty (60) days or more; or any order for relief shall be entered in any such proceeding; HCN or any Subsidiary by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or the appointment of a custodian, receiver or any trustee for it or any substantial part of its properties, or shall suffer any custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more; or

(h) HCN or any Subsidiary shall generally not pay its debts as such debts become due; or

(i) HCN or any Subsidiary shall have concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them or made or suffered a transfer of any of its property that may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall have suffered or permitted, while insolvent, any creditor to obtain a Lien upon any of its property through legal proceedings or distraint that is not vacated within thirty (30) days from the date thereof; or

(j) any judgment against HCN or any Subsidiary or any attachment, levy or execution against any of its properties for any amount in excess of One Million Five Hundred Thousand (\$1,500,000) Dollars shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of thirty (30) days or more; or

(k) the termination of any Plan or the institution by the PBGC of proceedings for the involuntary termination of any Plan, in either case, by reason of, or that results or could result in, a "material accumulated funding deficiency" under Section 412 of the Code; or

(l) failure by HCN or any Subsidiary to make required contributions, in accordance with the applicable provisions of ERISA, to each of the Plans hereafter established or assumed by it; or

(m) there shall occur a Material Adverse Effect; or

(n) (i) any Person, or a group of related Persons, shall acquire (a) beneficial ownership in excess of 25% of the outstanding stock of HCN or other voting interest having ordinary voting powers to elect a majority of the directors, managers or trustees of HCN (irrespective of whether at such time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency), or (b) all or substantially all of the Investments of HCN, or (ii) a majority of the Board of Directors of HCN, at any time, shall be composed of Persons other than (a) Persons who were members of the Board of Directors on the date of this Agreement, or (b) Persons who subsequently become members of the Board of Directors and who either (x) are appointed or recommended for

election with the affirmative vote of a majority of the directors in office as of the date of this

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Agreement, or (y) are appointed or recommended for election with the affirmative vote of a majority of the Board of Directors of HCN then in office; or

(o) HCN shall at any time fail to maintain its REIT Status, or HCN or any Subsidiary shall lose, through suspension, termination, impoundment, revocation, failure to renew or otherwise, any material license or permit; or

(p) George L. Chapman shall cease for any reason whatsoever, including, without limitation, death or disability (as such disability shall be determined in the reasonable judgment of the Agent) to be and continuously perform the duties of an executive officer of HCN and to be a member of its Board of Directors or, if such cessation shall occur as a result of the death or such disability, no successor satisfactory to the Agent, in its sole discretion, shall have become and shall have commenced to perform the duties of such executive officer of HCN and serve as a member of HCN's Board of Directors within thirty (30) days after such cessation; provided, however, that if any satisfactory successor shall have been so elected and shall have commenced performance of such duties within such period, the name of such successor or successors shall be deemed to have been inserted in place of George L. Chapman in this Section 10.1(o); or

(q) any of the Borrowers or any of their respective Projects shall become subject to one or more Liens for costs or damages in excess of One Million (\$1,000,000) Dollars individually or in the aggregate under any Environmental Laws and Regulations, such Liens shall remain in place for thirty (30) days after the creation thereof and such Liens are reasonably likely to cause a Material Adverse Effect; or

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(r) thirty (30) days after the acceleration by any Borrower of the obligations of an Operator as a result of any default in the payment of amounts which are due and owing under any lease, note, mortgage or related security documents in connection with any Project of such Operator (such Project, herein referred to as the "Defaulted Project"), in the event the sum of Lease Rental Expense and/or Mortgage Expense arising from (i) the Defaulted Project, and (ii) all Pooled Projects, if any, of which the Defaulted Project is a part, which have a Fixed Charge Coverage of less than 1.0 to 1.0, account for 12.50% or more of the aggregate amount of all Lease Rental Expense and/or Mortgage Expense owing to the Borrowers from all Operators during the immediately preceding four (4) calendar quarters; or

(s) if there shall occur and not be waived an Event of Default as defined in any of the other Loan Documents;

then, and in any such event and at any time thereafter, if such Event of Default or any other Event of Default shall have not been waived,

(A) either or both of the following actions may be taken: (i) the Agent, with the consent of the Required Lenders, may, and at the direction of the Required Lenders shall, declare any obligation of the Lenders to make further Loans terminated, whereupon the obligation of each Lender to make further Loans hereunder shall terminate immediately, and (ii) the Agent shall at the direction of the Required

Lenders, at their option, declare by notice to the Borrowers any or all of the Obligations to be immediately due and payable, and the same, including all interest accrued thereon and all other obligations of any Borrower to the Agent and the Lenders, shall forthwith become immediately due and payable without presentment, demand, protest, notice or other formality of any kind, all of which are hereby expressly waived, anything contained herein or in any instrument evidencing the Obligations to the contrary notwithstanding; provided, however, that notwithstanding the above, if there shall occur an Event of Default under clause (f), (g) or (h) above, then the obligation of the Lenders to make Loans hereunder shall automatically terminate and any and all of the Obligations shall be immediately due and payable without the necessity of any action by the Agent or the Required Lenders or notice to the Agent or the Lenders; and

(B) the Agent and each of the Lenders shall have all of the rights and remedies available under the Loan Documents or under any applicable law.

10.2. Agent to Act. In case any one or more Events of Default shall occur and not have been waived, the Agent may, and at the direction of the Required Lenders shall, proceed to protect and enforce their rights or remedies either by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein or in any other Loan Document, or to enforce the payment of the Obligations or any other legal or equitable right or remedy.

10.3. Cumulative Rights. No right or remedy herein conferred upon the Lenders or the Agent is intended to be exclusive of any other rights or remedies contained herein or in any other

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Loan Document, and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and therein or now or hereafter existing at law or in equity or by statute, or otherwise.

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10.4. No Waiver. No course of dealing between any Borrower and any Lender or the Agent or any failure or delay on the part of any Lender or the Agent in exercising any rights or remedies under any Loan Document or otherwise available to it shall operate as a waiver of any rights or remedies and no single or partial exercise of any rights or remedies shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or of the same right or remedy on a future occasion.

10.5. Allocation of Proceeds. If an Event of Default has occurred and not been waived, and the maturity of the Notes has been accelerated pursuant to Article X hereof, all payments received by the Agent hereunder, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder, shall be applied by the Agent in the following order:

(a) the reasonable expenses incurred in connection with retaking, holding, preserving, processing, maintaining or preparing for sale, lease or other disposition of, any Collateral, including reasonable attorney's fees and legal expenses pertaining thereto;

(b) amounts due to the Lenders pursuant to Sections 3.6(a),

3.6(b) and 12.5;

(c) amounts due to the Agent pursuant to Section 3.6(c);

(d) payments of interest on Loans, to be applied for the ratable benefit of the Lenders;

(e) payments of principal of Loans, to be applied for the ratable benefit of the Lenders;

(f) amounts due to the Agent and the Lenders pursuant to Sections 8.13 and 12.9;

(g) payments of all other amounts due under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders;

(h) amounts due to any of the Lenders in respect of Obligations consisting of liabilities under any Swap Agreement with any of the Lenders on a pro rata basis according to the amounts owed; and

(i) any surplus remaining after application as provided for herein, to the Borrower or otherwise as may be required by applicable law.

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ARTICLE XI

The Agent

11.1. Appointment, Powers, and Immunities. Each Lender hereby irrevocably appoints and authorizes the Agent to act as its agent under this Agreement and the other Loan Documents with such powers and discretion as are specifically delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent (which term as used in this sentence and in Section 11.5 and the first sentence of Section 11.6 hereof shall include its affiliates and its own and its affiliates' officers, directors, employees, and agents):

(a) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be a trustee or fiduciary for any Lender;

(b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Credit Party or any other Person to perform any of its obligations thereunder;

(c) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Credit Party or the satisfaction of any condition or to inspect the property (including the books and records) of any Credit Party or any of its Subsidiaries or affiliates;

(d) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and

(e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except

for its own gross negligence or willful misconduct.

The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

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11.2. Reliance by Agent. The Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telefacsimile) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Credit Party), independent accountants, and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until the Agent receives and accepts an Assignment and Acceptance executed in accordance with Section 12.1 hereof. As to any matters not expressly provided for by this Agreement, the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding on all of the Lenders; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to any Loan Document or applicable law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

11.3. Defaults. The Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Agent has received written notice from a Lender or a Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default, the Agent shall give prompt notice thereof to the Lenders. The Agent shall (subject to Section 11.2 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Required Lenders, provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

11.4. Rights as Lender. With respect to its Revolving Credit Commitment and the Loans made by it, Bank United (and any successor acting as Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Agent in its individual capacity. Bank United (and any successor acting as Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Credit Party or any of its Subsidiaries or affiliates as if it were not acting as Agent, and Bank United (and any successor acting as Agent) and its affiliates may accept fees and other consideration from any Credit Party or any of its Subsidiaries or affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

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11.5. Indemnification. The Lenders agree to indemnify the Agent (to the

extent not reimbursed under Section 8.13 or Section 12.9 hereof, but without limiting the obligations of the Borrower under such Section) ratably in accordance with their respective Revolving Credit Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by the Agent under any Loan Document (including any of the foregoing arising from the negligence of the Agent); provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any costs or expenses payable by the Borrower under Section 12.5, to the extent that the Agent is not promptly reimbursed for such costs and expenses by the Borrower. The agreements contained in this Section 11.5 shall survive payment in full of the Loans and all other amounts payable under this Agreement.

11.6. Non-Reliance on Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Credit Parties and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Credit Party or any of its Subsidiaries or affiliates that may come into the possession of the Agent or any of its affiliates.

11.7. Resignation of Agent. The Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a commercial bank organized under the laws of the United States of America having combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XI shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

11.8. Sharing of Payments, etc. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, set-off, counterclaim or otherwise, obtain payment with respect to its Obligations (other than pursuant to Article V) which results in its receiving more than its pro rata share of the aggregate payments with respect to all of the Obligations (other than any payment expressly provided hereunder to be distributed on other than a pro rata basis and payments pursuant to Article V), then (a) such Lender shall be deemed to have simultaneously purchased from the other Lenders a share in their Obligations so that the amount of the Obligations held by each of the Lenders shall be pro rata and (b) such other adjustments shall be made from time to time as shall be equitable to insure that the Lenders share such payments pro rata; provided, however, that for purposes of this Section 11.8 the term "pro rata"

shall be determined with respect to the Revolving Credit Commitment of each Lender and to the Total Revolving Credit Commitment after subtraction in each case of amounts, if any, by which any such Lender has not funded its share of the outstanding Loans and Obligations. If all or any portion of any such excess payment is thereafter recovered from the Lender which received the same, the purchase provided in this Section 11.8 shall be rescinded to the extent of such recovery, without interest. Each Borrower expressly consents to the foregoing arrangements and agrees that each Lender so purchasing a portion of the other Lenders' Obligations may exercise all rights of payment (including, without limitation, all rights of set-off, banker's lien or counterclaim) with respect to such portion as fully as if such Lender were the direct holder of such portion.

ARTICLE XII

Miscellaneous

12.1. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans, its Note, and its Revolving Credit Commitment); provided, however, that

(i) each such assignment shall be to an Eligible Assignee;

(ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any such partial assignment shall be in an amount at least equal to \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under this Agreement and the Note; and

(iv) the parties to such assignment shall execute and deliver to the Agent for its acceptance an Assignment and Acceptance in the form of Exhibit B hereto, together with any Note subject to such assignment and (except in the case of assignments that increase the Maximum Available Amount) a processing fee of \$3,500.

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section, the assignor, the Agent and the Borrowers shall make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrowers and the Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 5.7.

(b) The Agent shall maintain at its address referred to in Section 12.2 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

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(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee (if required), the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations to one or more Persons in all or a portion of its rights, obligations or rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment or its Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article V and the right of set-off contained in Section 12.3, and (iv) the Borrowers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to its Loans and its Note and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal or the rate at which interest is payable on such Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such Loans or Note, or extending its Revolving Credit Commitment).

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Any Lender may furnish any information concerning any Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants).

(g) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party and all covenants, provisions and agreements by or on behalf of the Borrower which are contained in the Loan Documents shall inure to the benefit of the successors and permitted assigns of the Agent, the Lenders, or any of them. The Borrower may not assign or otherwise transfer to any other Person any right, power, benefit, or privilege (or any interest therein) conferred hereunder or under any of the other Loan Documents, or delegate (by assumption or otherwise) to any other Person any duty, obligation, or liability arising hereunder or under any of the other Loan Documents, and any such purported assignment, delegation or other transfer shall be void.

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12.2. Notices. Any notice shall be conclusively deemed to have been received by any party hereto and be effective (i) on the day on which delivered (including hand delivery by commercial courier service) to such party (against receipt therefor), (ii) on the date of transmission to such party, in the case of notice by telegram, telefacsimile or telex (where the proper transmission of such notice is either acknowledged by the recipient or electronically confirmed by the transmitting device), or (iii) on the fifth Business Day after the day on which mailed to such party, if sent prepaid by certified or registered mail, return receipt requested, in each case delivered, transmitted or mailed, as the

case may be, to the address, telex number or telefacsimile number, as appropriate, set forth below or such other address or number as such party shall specify by notice hereunder:

(a) if to the Borrowers, or any of them:

Health Care REIT, Inc.
One SeaGate, Suite 1500
P.O. Box 1475
Toledo, Ohio 43603
Attn: Erin Ibele
Telephone: (419) 247-2800
Telefacsimile: (419) 247-2826

with a copy to:

Shumaker, Loop & Kendrick
North Courthouse Square
1000 Jackson Street
Toledo, Ohio 43624
Attn: Mary Ellen Pisanelli
Telephone: (419) 241-9000
Telefacsimile: (419) 241-6894

(b) if to the Agent:

Bank United
3200 Southwest Freeway, Suite 2900
Houston, Texas 77027
Attention: Director - Health Care Lending
Telephone: (713) 543-6500
Telefacsimile: (713) 543-7745

with a copy to:

Bank United
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: General Counsel

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Telephone: (713) 543-6500
Telefacsimile: (713) 543-6469

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(c) if to the Lenders:

At the addresses set forth on the signature pages hereof and on the signature page of each Assignment and Acceptance.

12.3. Right of Set-off; Adjustments. (a) Upon the occurrence and during the continuance of any Event of Default, each Lender (and each of its affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (or any of its affiliates) to or for the credit or the account of any Borrower against any and all of the

obligations of such Borrower now or hereafter existing under this Agreement and the Note held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmaturing. Each Lender agrees promptly to notify such Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 12.3 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

(b) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of the Loans owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans owing to it, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrowers agree that any Lender so purchasing a participation from a Lender pursuant to this Section 12.3 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Person were the direct creditor of the Borrower in the amount of such participation.

12.4. Survival. All covenants, agreements, representations and warranties made herein shall survive the making by the Lenders of the Loans and the execution and delivery to the Lenders of this Agreement and the Notes and shall continue in full force and effect so long as any of Obligations remain outstanding or any Lender has any LIBOR Rate Loan hereunder or any Borrower has continuing obligations hereunder unless otherwise provided herein.

12.5. Expenses. The Borrowers agree to pay on demand all reasonable costs and expenses of the Agent in connection with the syndication, preparation, execution, delivery, administration, modification, and amendment of this Agreement, the other Loan Documents, and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Loan Documents. The Borrowers further agree to pay on demand all reasonable costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable attorneys' fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings, or otherwise) of the Loan Documents and the other documents to be delivered hereunder.

12.6. Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrowers (or, as to Loan Documents other than the Credit Agreement, the Credit Party party to such Loan Document) and the Required Lenders, or the Agent on behalf of the Required Lenders (and, if Article XI or the rights or duties of the Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall, unless signed by all the Lenders, (i) increase the Revolving Credit Commitment of the Lenders, (ii) reduce the principal of or rate of interest on any Loan or any fees or other amounts payable hereunder, (iii) postpone any date fixed for the payment of any scheduled installment of principal of or interest on any Loan or any fees or

other amounts payable hereunder or for termination of any Revolving Credit Commitment, or (iv) change the percentage of the Revolving Credit Commitment or of the unpaid principal amount of the Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action under this Section 12.6 or any other provision of this Agreement or (v) release all or substantially all of the Collateral.

No notice to or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein. No delay or omission on any Lender's or the Agent's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

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12.8. Termination. The termination of this Agreement shall not affect any rights of the Borrowers, the Lenders or the Agent or any obligation of the Borrowers, the Lenders or the Agent, arising prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into or rights created or obligations incurred prior to such termination have been fully disposed of, concluded or liquidated and the Obligations arising prior to or after such termination have been irrevocably paid in full. The rights granted to the Agent for the benefit of the Lenders under the Loan Documents shall continue in full force and effect, notwithstanding the termination of this Agreement, until all of the Obligations have been paid in full after the termination hereof (other than Obligations in the nature of continuing indemnities or expense reimbursement obligations not yet due and payable, which shall continue) or the Borrowers have furnished the Lenders and the Agent with an indemnification satisfactory to the Agent and each Lender with respect thereto. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until payment in full of the Obligations unless otherwise provided herein. Notwithstanding the foregoing, if after receipt of any payment of all or any part of the Obligations, any Lender is for any reason compelled to surrender such payment to any Person because such payment is determined to be void or voidable as a preference, impermissible setoff, a diversion of trust funds or for any other reason, this Agreement shall continue in full force and the Borrowers shall be liable to, and shall indemnify and hold the Agent or such Lender harmless for, the amount of such payment surrendered until the Agent or such Lender shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or the Lenders in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Agent or the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

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12.9. INDEMNIFICATION; LIMITATION OF LIABILITY. (A) THE BORROWERS, INDIVIDUALLY AND COLLECTIVELY, AGREE TO INDEMNIFY AND HOLD HARMLESS THE AGENT AND EACH LENDER AND EACH OF THEIR AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND ADVISORS (EACH, AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) THAT MAY BE

INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNIFIED PARTY, IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) THE LOAN DOCUMENTS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE LOANS, ANY PROJECT, ANY OPERATOR, ANY PROJECT DOCUMENT OR ANY OTHER DOCUMENT OR OCCURRENCE RELATING TO ANY PROJECT OR TO THE BUSINESS OF ANY BORROWER (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF THE INDEMNIFIED PARTY), EXCEPT TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST, OR EXPENSE IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN THE CASE OF AN INVESTIGATION, LITIGATION OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 12.9 APPLIES, SUCH INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION OR PROCEEDING IS BROUGHT BY THE BORROWER, ITS DIRECTORS, SHAREHOLDERS OR CREDITORS OR AN INDEMNIFIED PARTY OR ANY OTHER PERSON OR ANY INDEMNIFIED PARTY IS OTHERWISE A PARTY THERETO AND WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED. EACH BORROWER AGREES THAT NO INDEMNIFIED PARTY SHALL HAVE ANY LIABILITY (WHETHER DIRECT OR INDIRECT, IN CONTRACT OR TORT OR OTHERWISE) TO IT, ANY OF ITS SUBSIDIARIES, OR ANY SECURITY HOLDERS OR CREDITORS THEREOF ARISING OUT OF, RELATED TO OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREIN, EXCEPT TO THE EXTENT THAT SUCH LIABILITY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE DIRECTLY RESULTED FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. EACH BORROWER AGREES NOT TO ASSERT ANY CLAIM AGAINST THE AGENT, ANY LENDER, ANY OF THEIR AFFILIATES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS, AGENTS, AND ADVISERS, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR OTHERWISE RELATING TO THE LOAN DOCUMENTS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE LOANS.

(B) WITHOUT PREJUDICE TO THE SURVIVAL OF ANY OTHER AGREEMENT OF THE BORROWER HEREUNDER, THE AGREEMENTS AND OBLIGATIONS OF THE BORROWER CONTAINED IN THIS SECTION 12.9 SHALL SURVIVE THE PAYMENT IN

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FULL OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE UNDER THIS AGREEMENT.

12.10. Severability. If any provision of this Agreement or the other Loan Documents shall be determined to be illegal or invalid as to one or more of the parties hereto, then such provision shall remain in effect with respect to all parties, if any, as to whom such provision is neither illegal nor invalid, and in any event all other provisions hereof shall remain effective and binding on the parties hereto.

12.11. ENTIRE AGREEMENT. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, CONSTITUTES THE ENTIRE AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PREVIOUS PROPOSALS, NEGOTIATIONS, REPRESENTATIONS, LIBOR RATE LOANS AND OTHER COMMUNICATIONS BETWEEN OR AMONG THE PARTIES, BOTH ORAL AND WRITTEN, WITH RESPECT THERETO.

12.12. Agreement Controls. In the event that any term of any of the Loan Documents other than this Agreement conflicts with any express term of this Agreement, the terms and provisions of this Agreement shall control to the extent of such conflict.

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12.13. Usury Savings Clause. Notwithstanding any other provision herein, the aggregate interest rate charged under any of the Notes, including

all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate (as such term is defined below). If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate (as defined below), the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrowers shall pay to the Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of the Lenders and the Borrowers to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrowers. As used in this paragraph, the term "Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

12.14. Payments. All principal, interest, and other amounts to be paid by the Borrowers under this Agreement and the other Loan Documents shall be paid to the Agent at the Principal Office in Dollars and in immediately available funds, without setoff, deduction or counterclaim. Subject to the definition of "Interest Period" herein, whenever any payment under this Agreement or any other Loan Document shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time in such case shall be included in the computation of interest and fees, as applicable, and as the case may be.

12.15. GOVERNING LAW; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE SECURITY INSTRUMENTS WHICH EXPRESSLY PROVIDE THAT THEY SHALL BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

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(b) THE BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY AGREE AND CONSENT THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF HARRIS, STATE OF TEXAS, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH BORROWER EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN, OR TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY, ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING, AND EACH BORROWER HEREBY IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) THE BORROWERS AGREE THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR

CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF THE BORROWER PROVIDED IN SECTION 12.2, OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF TEXAS.

(d) NOTHING CONTAINED IN SUBSECTIONS (a) OR (b) HEREOF SHALL PRECLUDE THE AGENT OR ANY LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT IN THE COURTS OF ANY JURISDICTION WHERE ANY BORROWER OR ANY BORROWER'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO ANY LOAN DOCUMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH, THE BORROWERS, THE AGENT AND THE LENDERS HEREBY AGREE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY IRREVOCABLY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH

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PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION OR PROCEEDING.

[Signatures on following pages]

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

WITNESS: HEALTH CARE REIT, INC.

By: _____
Name: _____
Title: _____

WITNESS: PENNSYLVANIA BCC PROPERTIES, INC.

By: _____
Name: _____
Title: _____

WITNESS: HCN BCC HOLDINGS, INC.

By: _____
Name: _____
Title: _____

HCRI TEXAS PROPERTIES, LTD., a limited partnership,
by its general partner:

HEALTH CARE REIT, INC.

WITNESS:

By: _____
Name: _____
Title: _____

CREDIT AGREEMENT
SIGNATURE PAGE 1 OF 3

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BANK UNITED
as Agent for the Lenders

By: _____
Name: _____
Title: _____

CREDIT AGREEMENT
SIGNATURE PAGE 2 OF 3

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BANK UNITED

By: _____
Name: _____
Title: _____

Lending Office for Prime Rate Loans:

Bank United
3200 Southwest Freeway
Houston TX 77027-7528
Attention: Kathy Jones
Telephone: (713) 543-6118
Telefacsimile: (713) 543-2037

Wire Transfer Instructions:

Bank United
ABA# 31 307 1904
Account No.: 8003198382
Reference: Health Care REIT, Inc.

Attention: Loan number _____
CML Loan Servicing

Lending Office for LIBOR Rate Loans:

Bank United
3200 Southwest Freeway
Houston TX 77027-7528
Attention: Kathy Jones
Telephone: (713) 543-6118
Telefacsimile: (713) 543-2037

Wire Transfer Instructions:

Bank United
ABA# 31 307 1904
Account No.: 8003198382
Reference: Health Care REIT, Inc.
Loan number _____
Attention: CML Loan Servicing

CREDIT AGREEMENT
SIGNATURE PAGE 3 OF 3

AMENDMENT NO. 1 TO LOAN AGREEMENT

AGREEMENT, made as of the 1st day of October, 1998, by and among:

HEALTH CARE REIT, INC., a Delaware corporation, and each of the other entities listed on Exhibit 1 annexed hereto (individually, a "Borrower" and collectively, the "Borrowers");

The Banks that have executed the signature pages hereto (individually, a "Bank" and, collectively, the "Banks"); and

KEY CORPORATE CAPITAL INC. (successor-in-interest to KeyBank National Association), a Michigan corporation, as Agent for the Banks (in such capacity, together with its successors in such capacity, the "Agent");

W I T N E S S E T H:

WHEREAS:

(A) The "Original Borrowers" set forth on Exhibit 1 annexed hereto (the "Original Borrowers"), the Agent and the banks signatory thereto (the "Existing Banks") entered into a certain Loan Agreement dated as of March 28, 1997 (the "Original Loan Agreement"; the Original Loan Agreement, as amended hereby, and as it may hereafter be further amended, modified or supplemented, is hereinafter referred as the "Loan Agreement")

(B) Pursuant to subsection 7.8(b) of the Original Loan Agreement, HCRI is required to cause each newly-created Subsidiary to become a party to the Loan Agreement and in connection therewith, the Original Borrowers desire that each such newly-created Subsidiary listed on Exhibit 1 under the caption "Additional Borrowers" be added as a "Borrower" under the Loan Agreement;

(C) The Borrowers wish to amend the original Loan Agreement to, among other things, extend the Revolving Credit Commitment Termination Date to March 28, 2001 and the Banks and the Agent are willing to amend the Original Loan Agreement on the terms and conditions hereinafter set forth;

(D) Simultaneously with the execution and delivery hereof, each of BHF-Bank, Aktiengesellschaft, Grand Cayman Branch and The Sumitomo Bank, Limited (the "Withdrawing Bank(s)") is terminating its respective Revolving Credit Commitment under the Original Loan Agreement and shall no longer be deemed a party thereto;

(E) Each of Key, Fleet and NationsBank, N.A. desire to increase its Revolving Credit Commitment to the amount set forth opposite its name on its signature page hereto and the Borrowers desire to accept such increased Revolving Credit Commitment; and

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(F) All capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Original Loan Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Article 1. Change in Revolving Credit Commitments; Additional Borrowers.

Section 1.1 Revolving Credit Commitments. From and after the date hereof,

for purposes of the Loan Agreement, the Revolving Credit Commitment of each Bank shall be the amount set forth opposite such Bank's name on the signature pages hereto under the caption "Revolving Credit Commitment" as such amount may be reduced pursuant to the terms of the Loan Agreement, and such amount (if changed) shall supersede and be deemed to amend the amount of its respective Revolving Credit Commitment as set forth opposite its name on the signature pages to the original Loan Agreement.

Section 1.2 Withdrawing Banks. The parties hereto acknowledge that the Revolving Credit Commitment of each Withdrawing Bank under the Original Loan Agreement has * been terminated. Each Withdrawing Bank shall have no further duties or obligations under the Original Loan Agreement after the date hereof. Each Withdrawing Bank shall duly cancel and return to the Borrowers the promissory note issued to it under the Original Loan Agreement immediately after it receives payment in full of all amounts owing to it under the Original Loan Agreement.

Section 1.3 Adjustment of Outstanding Loans. If any Loans are outstanding under the Original Loan Agreement on the date hereof, the Banks shall on the date hereof, at the direction of the Agent, make appropriate adjustments among themselves in order to insure that the amount (and type) of the Loans outstanding to the Borrowers from each Bank under the Loan Agreement (as of the date hereof) are proportionate to the aggregate amount of all of the Revolving Credit Commitments, after giving effect to the increased amount of the Revolving Credit Commitments of Key, Fleet and NationsBank, N.A. The Borrowers agree and consent to the terms of this Section 1.3.

Section 1.4 Assumption by Additional Borrowers. The Additional Borrowers hereby: (i) agree to be a party to the original Loan Agreement as amended hereby; (ii) assume, on a joint and several basis with the original Borrowers, all of the obligations of a "Borrower" under the Loan Agreement; (iii) agree to be bound as a "Borrower" by all of the terms of the Loan Agreement and to perform and discharge all of the obligations of a Borrower contained in or arising under the terms of the Loan Agreement; (iv) agree that the terms "Borrower(s)" and "Loan Party(ies)" are deemed to include each of the Additional Borrowers; and (v) agree that, from and after the date hereof, each shall be a party to each Note as though it were an original signatory thereto.

Article 2. Amendments to Original Loan Agreement;
Replacement Notes.

Section 2.1 The Original Loan Agreement is hereby amended as follows:

(a) The definition of "Alternate Applicable Margin" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"Alternate Applicable Margin" - as at any date of determination, with respect to LIBOR Loans, the applicable percentage set forth below based upon the Ratings in effect on such date:

Both of the following Ratings:
BBB or higher by S&P; and
Baa2 or higher by Moody's .875%

At least two of the following Ratings:
BBB- by S&P
Baa3 by Moody's
BBB- by D&P 1.000%

Any one of the following Ratings:
BBB- by S&P; or
Baa3 by Moody's; or

BBB- by D&P 1.125%

No investment grade Rating
by S&P or Moody's or D&P 1.500%

If any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency) , such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Alternate Applicable Margin shall apply to all outstanding LIBOR Loans during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system."

(b) The definition of "Commitment Fee Percentage" appearing in Article 1 is amended by deleting the last paragraph thereof and substituting therefor the following:

"Notwithstanding the foregoing, in the event the Borrowers elect the pricing grid based on the Alternate Applicable Margin as set forth in subsection 2.6(a)(ii) hereof, commencing on the day the Alternate Applicable Margin becomes effective and

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continuing at all times thereafter, the Commitment Fee Percentage shall be based upon the Ratings in effect on such date, as follows:

Both of the following Ratings:
BBB or higher by S&P; and
Baa2 or higher by Moody's .200%

At least two of the following Ratings:
BBB- by S&P
Baa3 by Moody's
BBB- by D&P 1.250%

Any one of the following Ratings:
BBB- by S&P; or
Baa3 by Moody's; or
BBB-by D&P .300%

No investment grade Rating
by S&P or Moody's or D&P .375%

If any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change with respect to the Borrowers shall apply at any time during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system."

(c) The phrase "the aggregate amount set forth opposite such Bank's name on the signature pages hereof" appearing in the definition of the term "Revolving Credit Commitment" in Article 1 of the Original Loan Agreement shall be deemed to refer to the amounts set forth opposite each Bank's name on the signature pages hereto.

(d) The definition of "Revolving Credit Commitment Termination Date," appearing in Article 1 is amended by deleting the date "March 28, 2001" and substituting therefor the date "March 28, 2001".

(e) The paragraph appearing immediately after subsection 2.6(a) (ii) is deleted in its entirety and the following is substituted therefor:

"Notwithstanding subsection 2.6(a) (ii) above, upon receipt of a Rating of at least BBB- or its equivalent from two Rating Agencies, the Borrowers may elect to change to the "Alternative Applicable Margin", i.e. the pricing grid based on such Rating as set forth in the definition of Alternate Applicable Margin in Article 1 hereof with respect to LIBOR

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Loans. In order to elect the Alternate Applicable Margin, the Borrowers shall give prior written notice to the Agent of the receipt of the Ratings (together with written evidence thereof), which election may be made only one time during the Credit Period. The Alternate Applicable Margin shall become effective upon receipt of such notice by the Agent and shall continue in effect at all times thereafter."

(f) Section 7.15 (Construction Investments) shall be redesignated as Section 7.16 and shall be amended and restated in its entirety to read as follows:

"Section 7.16 Construction Investments.

Permit the outstanding principal amount, accrued interest on and related fees in connection with its Construction Investments to exceed (i) an amount equal to twenty (20%) percent of the Borrowers' consolidated Investments in Healthcare Assets through and including March 28, 1999, and (ii) an amount equal to seventeen and one-half (17.5%) percent of the Borrowers' consolidated Investments in Healthcare Assets at any time thereafter; provided, the Borrowers shall not make a Construction Investment for a Facility unless (i) there is included in the terms thereof an agreement for the conversion of the Borrower(s) interests in the Facility upon the completion thereof into full ownership or a mortgage interest, and (ii) if a mortgage interest, the Borrower(s) shall retain a first Lien on such Facility."

Section 2.2 In order to evidence the increased Revolving Credit Commitment of each of Fleet, Key and NationsBank, N.A. as set forth herein, the Borrowers shall execute and deliver to each of them, simultaneously with the execution and delivery hereof, replacement promissory notes payable to the order of each of them in substantially the form of Exhibit A annexed to the Original Loan Agreement (hereinafter referred to individually as a "Replacement Note" and together as the "Replacement Notes"). Each of Fleet, Key and NationsBank, N.A. shall, upon the execution and delivery by the Borrowers of its applicable Replacement Note as herein provided, mark the Note delivered to it in connection with the Original Loan Agreement "Replaced by Replacement Note" and return it to the Borrowers.

Section 2.3 (a) All references in the Original Loan Agreement or any other Loan Document to the "Revolving Credit Commitment (s) 11, the "Note (s) 11 and the "Loan Documents" shall be deemed to refer respectively, to the Revolving Credit Commitment (s) as amended hereby, the Note (s) and the Replacement Note (s) and the Loan Documents as defined in the original Loan Agreement together with, and as amended by this Amendment No. 1, the Replacement Notes and all agreements, documents and instruments delivered pursuant thereto or in connection therewith.

(b) All references in the Original Loan Agreement and the other Loan Documents to the "Loan Agreement", and also in the case of the

Original Loan Agreement to "this Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby.

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(c) All references in the Notes to the "Revolving Credit Commitment Termination Date" shall be deemed to refer to the Revolving Credit Commitment Termination Date as defined in this Amendment No. 1.

Section 2.4 The original Loan Agreement and the other Loan Documents shall each be deemed amended and supplemented hereby to the extent necessary, if any, to give effect to the provisions of this Agreement.

Article 3. Representations and Warranties.

(a) (i) The Borrowers hereby confirm, reaffirm and restate to each of the Banks and the Agent all of the representations and warranties set forth in Article 3 of the Original Loan Agreement as if such representations and warranties were made as of the date hereof, except for changes in the ordinary course of business which, either singly or in the aggregate, would not have a Material Adverse Effect.

(ii) Schedule 3.1 to the Original Loan Agreement is hereby amended as set forth in the Addendum to Schedule 3.1 annexed hereto.

(b) (i) The execution, delivery and performance by each Borrower of this Agreement are within its organizational powers and have been duly authorized by all necessary action (corporate or otherwise) on the part of each Borrower, (ii) this Agreement is the legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms, and (iii) this Agreement and the execution, delivery and performance by each Borrower does not: (A) contravene the terms of any Borrower's organizational documents, (B) conflict with or result in a breach or contravention of, or the creation of any lien under, any document evidencing any contractual obligation to which any Borrower is a party or any order, injunction, writ or decree to which any Borrower or its property is subject or (C) violate any requirement of law.

Article 4. Conditions to Effectiveness of this Agreement.

This Amendment No. 1 to Loan Agreement shall become effective on the date of the fulfillment (to the satisfaction of the Agent) of the following conditions precedent:

(a) This Amendment No. 1 shall have been executed and delivered to the Agent by a duly authorized representative of the Borrowers, the Agent and each Bank.

(b) The Borrowers shall have executed and delivered to each of Fleet, Key and NationsBank, N.A. its Replacement Note.

(c) The Agent shall have received a Compliance Certificate from the Borrowers dated the date hereof and the matters certified therein, including, without limitation, that after giving effect to the terms and conditions of this Amendment No. 1, no Default or Event of Default shall exist, shall be true.

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(d) The Agent shall have received copies of -the following:

(i) Copies of all corporate action taken by each of the

Borrowers to authorize the execution, delivery and performance of this Amendment No. 1, the Replacement Notes and the transactions contemplated hereby, certified by its secretary;

(ii) A certificate from the secretary of each original Borrower to the effect that its Certificate of Incorporation and By-laws delivered to the Agent pursuant to the Original Loan Agreement have not been amended since the date of such delivery and that each such document is in full force and effect and is true and correct as of the date hereof;

(iii) The certificates of incorporation or certificates of limited partnership, as the case may be, of each of the Additional Borrowers, certified by the Secretary of State of their respective states of organization;

(iv) The by-laws of each of the corporate Additional Borrowers, certified by their respective secretaries;

(v) Good standing certificates as of a recent date, with respect to each of the Additional Borrowers from the Secretary of State of their respective states of incorporation and each state in which each of them is qualified to do business; and

(vi) An incumbency certificate (with specimen signatures) with respect to each of the Borrowers.

(e) All legal matters incident hereto shall be satisfactory to the Agent and its counsel.

Article 5. Miscellaneous.

Section 5.1 Article 10 of the Original Loan Agreement. The miscellaneous provisions under Article 10 of the Original Loan Agreement, together with the definition of all terms used therein, and all other sections of the Original Loan Agreement to which Article 10 refers are hereby incorporated by reference as if the provisions thereof were set forth in full herein, except that (i) the terms ,Loan, Agreement 11 and "Note(s)" shall be deemed to refer, respectively, to the Original Loan Agreement, as amended hereby and the Note(s), as amended hereby; (ii) the term "this Agreement" shall be deemed to refer to this Agreement; and (iii) the terms "hereunder" and "hereto,, shall be deemed to refer to this Agreement.

Section 5.2 Continued Effectiveness. Except as amended hereby, the Original Loan Agreement and the other Loan Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

Section 5.3 Counterparts. This Agreement may be executed by the parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

HEALTH CARE REIT, INC.

HCRI PENNSYLVANIA PROPERTIES, INC.

HCRI OVERLOOK GREEN, INC.

HCRI TEXAS PROPERTIES, INC.

HCRI TEXAS PROPERTIES, LTD.

BY HEALTH CARE REIT, INC.,

ITS GENERAL PARTNER

HCRI NEVADA PROPERTIES, INC.

HCRI LOUISIANA PROPERTIES, L.P.
BY HCRI SOUTHERN INVESTMENTS I, INC.

HEALTH CARE REIT INTERNATIONAL, INC.

HCN ATLANTIC GP, INC.

HCN ATLANTIC LP, INC.

By _____
Title

GEORGE L. CHAPMAN, as Chief Executive Officer of all of the aforementioned entities, has executed this Amendment No. 1 to Loan Agreement and intending that all entities above named are bound and are to be bound by the one signature as if he had executed this Amendment No. 1 to Loan Agreement separately for each of the above named entities.

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Revolving Credit Commitment:

\$30,000,000

KEY CORPORATE CAPITAL INC.,
as Agent and as a Bank

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:
Key Corporate Capital Inc.
127 Public Square, MC:OH-01-27-0605
Cleveland, Ohio 44114
Attention: Healthcare Administrative
Assistant

Address for Notices:
Key Corporate Capital Inc.
127 Public Square, MC:OH-01-27-0605
Cleveland, Ohio 44114
Attention: Ms. Angela Mago

Telecopier: (216) 689-5970

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Revolving Credit Commitment:

\$30,000,000

FLEET BANK, N.A.

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

Fleet Bank, N.A.
1185 Avenue of the Americas
New York, New York 10036
Attention: Mr. Robert A. Isaksen

Address for Notices:

Fleet Bank, N.A.
1185 Avenue of the Americas
New York, New York 10036
Attention: Mr. Robert A. Isaksen

Telecopier: (212) 819-4110

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Revolving Credit Commitment:

\$15,000,000

HARRIS TRUST AND SAVINGS BANK

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

Harris Trust and Savings Bank
111 West Monroe
Chicago, Illinois 60603
Attention: Arlett Hall

Address for Notices:

Harris Trust and Savings Bank
111 West Monroe
Chicago, Illinois 60603
Attention: Arlett Hall

Telecopier: (312) 293-5283

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Revolving Credit Commitment:

\$15,000,000

COMERICA BANK

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

Comerica Bank
P.O. Box 75000
Detroit, Michigan 48275-3266
Attention: Craig F. Durno

Address for Notices:

Comerica Bank
P.O. Box 75000
Detroit, Michigan 48275-3266
Attention: Craig F. Durno

Telecopier: (313) 222-3420

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Revolving Credit Commitment:

\$25,000,000

NATIONSBANK,, N.A.,
successor bank to NationsBank of Texas, N.A.

By _____
VICE PRESIDENT

Lending Office for Base Rate Loans
and LIBOR Loans:

NationsBank, N.A.
100 North N. Tryon Street
Charlotte, North Carolina 28255
Attention: Mathew Menz
Telecopier: (704) 386-8694

Address for Notices:

NationsBank, N.A.
700 Louisiana Street, 8th Floor
Houston, Texas 77002
Attention: Larry J. Gordon
Telecopier: (713) 247-G719

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Revolving Credit Commitment:

\$15,000,000

BANK ONE, NA

By _____
Vice President

Lending office for Base Rate Loans
and LIBOR Loans:

Bank One, N.A.
40 N. Main Street
Dayton, Ohio 45423
Attention: Commercial Loan Operations

Address for Notices:

Bank One, N.A.
Commercial Banking
40 N. Main Street
Dayton, Ohio 45423
Attention: Mr. Glenn T. Campbell

Telecopier: (937) 449-4885

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Revolving Credit Commitment:

\$15,000,000

NATIONAL CITY BANK

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

National City Bank
23000 Millcreek Blvd., Loc. 7520
Highland Hills, OH 44122
Attn: Lynn Shoda

Address for Notices:

National City Bank
1900 E. Ninth St., Loc. 2079
Cleveland, OH 44114
Attn: Terri Honohan

Telecopier: (216) 575-3160

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Revolving Credit Commitment:

\$10,000,000

MANUFACTURERS AND TRADERS TRUST COMPANY

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

M & T Center
One Fountain Plaza, 12th Floor
Buffalo, New York 14203-1495
Attention: Mr. C. Gregory Vogelsang

Address for Notices:

M & T Center
One Fountain Plaza, 12th Floor
Buffalo, New York 14203-1495
Attention: Ms. Tammy Foster

Telecopier: (716) 848-7318

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Revolving Credit Commitment:

\$10,000,000

KBC BANK N.V.

By _____
Title

By _____
Title

Lending Office for Base Rate Loans:

KBC Bank N.V.
125 West 55th Street
New York, New York 10019
Attention: Lynda Resuma

Lending Office for LIBOR Loans:

KBC Bank N.V.
125 West 55h Street
New York, New York 10019
Attention: Lynda Resuma

Address for Notices:

KBC Bank N.V.
125 West 55' Street
New York, New York 10019
Attention: Kate McCarthy

Telecopier: (212) 541-0793

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Revolving Credit Commitment:

\$10,000,000

NBD BANK

By _____
Title

Lending Office for Base Rate Loans
and LIBOR Loans:

NBD Bank
611 Woodward Avenue
Detroit, Michigan 48226
Attention: Ms. Carvetta Q. Colquitt

Address for Notices:

NBD Bank
611 Woodward Avenue, Suite 8073
Detroit, Michigan 48226
Attention: Mr. Philip R. Medsger

Telecopier: (313) 225-1212

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EXHIBIT 1
TO AMENDMENT NO. 1 TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

LIST OF BORROWERS

Original Borrowers

Name of Original Borrower -----	State of Organization -----
Health Care REIT, Inc.	Delaware
HCRI Pennsylvania Properties, Inc.	Pennsylvania
HCRI Overlook Green, Inc.	Pennsylvania
HCRI Texas Properties, Inc.	Delaware
HCRI Texas Properties, Ltd.	Texas

Additional Borrowers

Name of Additional Borrower -----	State of Organization -----
HCRI Nevada Properties, Inc.	Nevada
HCRI Louisiana Properties, L.P.	Delaware
Health Care REIT International, Inc.	Delaware
HCN Atlantic GP, Inc.	Delaware
HCN Atlantic LP, Inc.	Delaware

ADDENDUM TO SCHEDULE 3.1
TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

STATES OF INCORPORATION AND QUALIFICATION,
AND CAPITALIZATION OF ADDITIONAL BORROWERS

HCRI Nevada Properties, Inc.

- (i) State of Incorporation:
Nevada
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI Louisiana Properties, L.P.

- (i) State of Organization:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
Louisiana
- (v) Subsidiaries:
None

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Health Care REIT, International, Inc.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
HCN Atlantic GP, Inc.
HCN Atlantic LP, Inc.

HCN ATLANTIC G.P., INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCN Atlantic LP, Inc.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities

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(iv) States of Qualification:
None

(v) Subsidiaries:
None

AMENDMENT NO. 2 TO LOAN AGREEMENT

AGREEMENT, made as of the 29th day of January, 2001, by and among:

HEALTH CARE REIT, INC., a Delaware corporation, and each of the other entities listed on Exhibit 1 annexed hereto (individually, a "BORROWER" and collectively, THE "BORROWERS");

The Banks that have executed the signature pages hereto (individually, a "BANK" and, collectively, the "BANKS"); and

KEY CORPORATE CAPITAL INC. (successor-in-interest to KeyBank National Association), a Michigan corporation, as Agent for the Banks (in such capacity, together with its successors in such capacity, the "AGENT");

W I T N E S S E T H:

WHEREAS:

(A) The "Original Borrowers" set forth on Exhibit 1 annexed hereto (the "ORIGINAL BORROWERS"), the Agent and the banks signatory thereto (the "EXISTING BANKS") entered into a certain Loan Agreement dated as of March 28, 1997 (as heretofore amended by a certain Amendment No. 1 to Loan Agreement dated as of October 1, 1998, among the Borrowers, the Banks and the Agent, the "ORIGINAL LOAN AGREEMENT"; the Original Loan Agreement, as amended hereby, and as it may hereafter be further amended, modified or supplemented, is hereinafter referred as the "LOAN AGREEMENT");

(B) Pursuant to subsection 7.8(b) of the Original Loan Agreement, HCRI is required to cause each newly-created Subsidiary to become a party to the Loan Agreement and in connection therewith, the Original Borrowers desire that each such newly-created Subsidiary listed on Exhibit 1 under the caption "Additional Borrowers" be added as a "Borrower" under the Loan Agreement;

(C) The Borrowers wish to amend the Original Loan Agreement to, among other things, extend the Revolving Credit Commitment Termination Date to March 31, 2003 and the Banks and the Agent are willing to amend the Original Loan Agreement on the terms and conditions hereinafter set forth;

(D) Each of the Banks desire to change its Revolving Credit Commitment to the amount set forth opposite its name on its signature page hereto and the Borrowers desire to accept such changed Revolving Credit Commitment; and

(E) All capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Original Loan Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. CHANGE IN REVOLVING CREDIT COMMITMENTS; ADDITIONAL BORROWERS.

SECTION 1.1 REVOLVING CREDIT COMMITMENTS. From and after the date hereof, for purposes of the Loan Agreement, the Revolving Credit Commitment of each Bank shall be the amount set forth opposite such Bank's name on the signature pages hereto under the caption "Revolving Credit Commitment" as such amount may be increased or reduced pursuant to the terms of the Loan Agreement, and such amount (if changed) shall supersede and be deemed to amend the amount of its respective Revolving Credit Commitment as set forth opposite its name on the signature pages to the Original Loan Agreement.

SECTION 1.2 ADJUSTMENT OF OUTSTANDING LOANS. If any Loans are outstanding under the Original Loan Agreement on the date hereof, the Banks shall on the date hereof, at the direction of the Agent, make appropriate adjustments among themselves in order to insure that the amount (and type) of the Loans outstanding to the Borrowers from each Bank under the Loan Agreement (as of the date hereof) are proportionate to the aggregate amount of all of the Revolving Credit Commitments, after giving effect to the decreased amount of the Revolving Credit Commitments of the Banks. The Borrowers agree and consent to the terms of this Section 1.2.

SECTION 1.3 ASSUMPTION BY ADDITIONAL BORROWERS. The Additional Borrowers hereby: (i) agree to be a party to the Original Loan Agreement as amended hereby; (ii) assume, on a joint and several basis with the Original Borrowers, all of the Obligations of a "Borrower" under the Loan Agreement; (iii) agree to be bound as a "Borrower" by all of the terms of the Loan Agreement and to perform and discharge all of the obligations of a Borrower contained in or arising under the terms of the Loan Agreement; and (iv) agree that the terms "Borrower(s)" and "Loan Party(ies)" are deemed to include each of the Additional Borrowers.

ARTICLE 2. AMENDMENTS TO ORIGINAL LOAN AGREEMENT; SUBSTITUTED NOTES.

SECTION 2.1 The Original Loan Agreement is hereby amended as follows:

(a) The definition of "Alternate Applicable Margin" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"'Alternate Applicable Margin' - as at any date of determination, with respect to LIBOR Loans, the applicable percentage set forth below based upon the Ratings in effect on such date:

Either of the following Ratings:

BBB+ or higher by S&P or Baa1 or higher 1.250%
by Moody's

Either of the following Ratings:

BBB by S&P or 1.325%
Baa2 by Moody's

Either of the following Ratings:

BBB- by S&P or 1.500%

Baa3 by Moody's

Either of the following Ratings:

BB+ by S&P or 1.875%
Ba1 by Moody's

Both of the following Ratings:

Lower than BB+ or no investment grade 2.200%
Rating by S&P and lower than Ba1 or no
investment grade Rating by Moody's

For purposes of the foregoing: (i) if the Ratings established by S&P and Moodys shall fall within different levels, the Alternate Applicable Margin shall be based upon the higher of the two ratings unless one of the two ratings is two or more levels lower than the other, in which case the Alternate Applicable Margin shall be determined by reference to the lower of the two Ratings, and (ii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Alternate Applicable Margin shall apply to all outstanding LIBOR Loans during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system."

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(b) The definition of "Applicable Margin" appearing in Article 1 is deleted in its entirety.

(c) The definition of "Borrowing Base" appearing in Article 1 is amended by deleting therefrom in its entirety clause (i) thereof and substituting therefor the following clause (i):

"(i) (A) from January 29, 2001 through and including February 28, 2001, 66 2/3% of Eligible Healthcare Assets,

(B) from March 1, 2001 through and including August 28, 2001, 63% of Eligible Healthcare Assets,

(C) from August 29, 2001 through and including February 28, 2002, 60% of Eligible Healthcare Assets,

(D) from March 1, 2002 through and including May 29, 2002, 58% of Eligible Healthcare Assets,

(E) from May 30, 2002 through and including November 29, 2002, 55% of Eligible Healthcare Assets,

(F) from November 30, 2002 through and including March 31, 2003, 52% of Eligible Healthcare Assets; and

(G) at any time, in the event that the Borrower does not maintain an investment grade Rating from either S&P or Moody's, 50% of Eligible Healthcare Assets,

in each case, plus"

(d) The definition of "Commitment Fee" appearing in Article 1

is deleted in its entirety.

(e) The definition of "Commitment Fee Percentage" appearing in Article 1 is deleted in its entirety.

(f) The definition of "EBITDAR" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"'EBITDAR' - for any period, with respect to any Facility, pre-tax net income PLUS Operator Interest Expense, Mortgage Expense (but excluding therefrom any amounts relating to principal), Lease Rental Expense, depreciation, amortization, management fees as reported by the Operator less an imputed management fee equal to (x) with respect to Long-Term Care Facilities, five (5%) percent of such Facility's net revenues, and (y) with respect to all other Facilities, three (3%) percent of such Facility's net revenues; provided, however, that net income (or net loss) shall be computed without giving effect to extraordinary losses or gains (all as determined in accordance with

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GAAP), and provided, further, EBITDAR may be further adjusted to reflect other non-recurring items as mutually agreed upon by the Borrowers, the Agent and the Syndication Agent (but in no event shall the aggregate amount of all such adjustments exceed \$20,000,000 over the term of this Agreement), which adjustment(s) shall be set forth in a footnote to the Borrowing Base Certificate (whether or not such adjustments impact availability under the Borrowing Base) disclosing the Facility(ies) impacted thereby, the adjustment(s) taken and the Fixed Charge Coverage prior to such adjustment(s)."

(g) The definition of "D&P" appearing in Article 1 is deleted in its entirety.

(h) The definition of "Eligible Healthcare Assets" is amended by deleting clause (z) thereof in its entirety and substituting therefor the following:

"(z) any individual Facility which is part of an Operator's Pooled Facilities (regardless of the number of Facilities comprising such Pooled Facilities) that is in a stage of development or "fill-up" may be included as part of such Operator's Pooled Facilities if (1) such Facility has received its certificate of occupancy, and (2) such Facility has a Fixed Charge Coverage of not less than .70 to 1.00, and for purposes of this clause (z) only, as at any date of computation thereof, Fixed Charge Coverage shall be determined:

(i) During the period commencing on the date of receipt of a certificate of occupancy (or if such Facility has been transferred to a new Operator, the date of transfer, as applicable) for such Facility through the last day of the fifteenth (15th) month thereafter, based on the fiscal quarter immediately preceding such date of determination;

(ii) As at the last day of the eighteenth (18th) month following the date of receipt of a certificate of occupancy or the date of transfer, as applicable, for such Facility, based on the two fiscal quarters immediately preceding such date of determination;

(iii) As at the last day of the twenty-first (21st) month following the date of receipt of a certificate of occupancy or the date of transfer, as applicable, for such Facility, based on the three fiscal quarters immediately preceding such date of

determination; and

(iv) As at the last day of the twenty-fourth (24th) month following the date of receipt of a certificate of occupancy or the date of transfer, as applicable, for such Facility and at all times thereafter, based on the four fiscal quarters immediately preceding such date of determination.

Notwithstanding anything to the contrary contained in clauses (z)(i) through (iv) above, in the event any Facility covered by this clause (z) has a Fixed Charge Coverage of not less than .70 to 1.00 prior to the last day of the fifteenth (15th) month following the date of receipt of a certificate of occupancy or the date of transfer, as applicable, for such Facility (the last day of any fiscal quarter in which such ratio has been met for the first time with respect to such Facility, is hereinafter referred to as a "COMPLIANCE DATE"), as

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at any date of determination thereof, Fixed Charge Coverage with respect to such Facility shall be determined:

(i) As at the Compliance Date, based on the fiscal quarter ending on the Compliance Date;

(ii) As at the last day of the third (3rd) month following the Compliance Date, based on the two fiscal quarters immediately preceding such date of determination;

(iii) As at the last day of the sixth (6th) month following the Compliance Date, based on the three fiscal quarters immediately preceding such date of determination; and

(iv) As at the last day of the ninth (9th) month following the Compliance Date and at all times thereafter, based on the four fiscal quarters immediately preceding such date of determination.

The foregoing shall be applicable only to a single transfer of a Facility that is in a stage of development or "fill-up" during the term of this Agreement. In the event such a Facility is transferred more than once during the term of this Agreement, the inclusion of such Facility as an Eligible Healthcare Asset shall be determined without regard to this clause (z)."

(i) The following new definition is inserted in Article 1 in its appropriate alphabetic location as follows:

"'Facility Fee' - as defined in subsection 2.7(b) hereof.

(j) The following new definition is inserted in Article 1 in its appropriate alphabetic location as follows:

"'Facility Fee Percentage' - as at the last day of any fiscal quarter, the applicable percentage set forth below based upon the Ratings in effect on such date:

Either of the following Ratings:

BBB+ or higher by S&P or Baal or higher 0.250%
by Moody's

Either of the following Ratings:

BBB by S&P or
Baa2 by Moody's

0.300%

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Either of the following Ratings:

BBB- by S&P or 0.375%
Baa3 by Moody's

Either of the following Ratings:

BB+ by S&P or 0.500%
Ba1 by Moody's

Both of the following Ratings:

Lower than BB+ or no investment grade 0.550%
Rating by S&P and lower than Ba1 or no
investment grade Rating by Moody's

For purposes of the foregoing: (i) if the Ratings established by S&P and Moody's shall fall within different levels, the Facility Fee Percentage shall be based upon the higher of the two ratings unless one of the two ratings is two or more levels lower than the other, in which case the Facility Fee Percentage shall be determined by reference to the lower of the two Ratings, and (ii) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change with respect to the Borrowers shall apply at any time during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system."

(k) The definition of "Fleet" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"'Fleet' - Fleet National Bank (successor by merger to Fleet Bank, N.A.), a national banking association, in its capacity as a Bank hereunder."

(l) The definition of "Ratings Agencies" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"'Ratings Agencies' - Moody's and S&P."

(m) The phrase "the aggregate amount set forth opposite such Bank's name on the signature pages hereof" appearing in the definition of the term "Revolving Credit

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Commitment" in Article 1 of the Original Loan Agreement shall be deemed to refer to the amounts set forth opposite each Bank's name on the signature pages hereto.

(n) The definition of "Revolving Credit Commitment Termination Date" appearing in Article 1 is amended by deleting the date "March 28, 2001" therefrom and substituting therefor the date "March 31, 2003".

(o) The definition of "Total Revolving Credit Commitment" appearing in Article 1 is deleted in its entirety and the following is substituted therefor:

"'Total Revolving Credit Commitment' - the aggregate obligations of the Banks to make loans hereunder up to the aggregate amount of One Hundred Fifty Million (\$150,000,000) Dollars as such amount may be increased in accordance with Section 2.23 hereof."

(p) Section 2.1 is amended by adding the following immediately after the first sentence thereof:

"In addition to the foregoing, if, as at June 30, 2001 (as reflected in the Borrowing Base Certificate due no later than August 29, 2001), after giving effect to all outstanding Loans there exists less than \$17,500,000 of availability under the Borrowing Base, then from August 29, 2001 until May 30, 2002, the obligation of the Banks to make Loans hereunder during such period shall also be subject to the demonstration by the Borrowers that after giving effect to any requested Loan, there shall be not less than \$20,000,000 of availability under the Borrowing Base. Compliance with the foregoing shall be evidenced by the delivery to the Agent of a Borrowing Base Certificate(s)."

(q) Subsection 2.5(d) is amended by deleting the period at the end of such subsection and inserting the following proviso:

"; PROVIDED, HOWEVER, that in the event that clause (i)(G) of the definition of "Borrowing Base" becomes applicable, the Loans shall be repaid within ninety (90) days of the date of such clause becoming applicable in an amount which will cause the aggregate principal amount of Loans outstanding not to exceed the Borrowing Base as so reduced."

(r) Subsection 2.6(a) is deleted in its entirety and the following is substituted therefor:

"(a) The Borrowers shall pay to the Agent for the account of each Bank interest on the unpaid principal amount of each Loan made by such Bank for the period commencing on the date of such Loan until such Loan shall be paid in full, at the following rates per annum:

(i) During such periods that such Loan is a Base Rate Loan, the Alternate Base Rate;

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(ii) During such periods that such Loan is a LIBOR Loan, for each Interest Period relating thereto, the LIBOR Rate for such Loan for such Interest Period PLUS the Alternate Applicable Margin."

(s) Subsection 2.6(d) is amended by deleting the first sentence thereof in its entirety and substituting therefor the following:

"(d) In addition to the interest accruing under subsection (a) above, in the event the daily average amount of outstanding Loans exceeds fifty (50%) percent of the Total Revolving Credit Commitment during any fiscal quarter of HCRI (each, a "TEST PERIOD"), the Borrowers shall pay additional interest on the daily average amount of the Loans outstanding during such Test Period at a rate per annum equal to one-eighth of one (.125%) percent."

(t) Subsection 2.7(b) is deleted in its entirety and the following is substituted therefor:

"(b) The Borrowers shall pay to the Agent for the account of the Banks, PRO RATA according to their respective Commitments, a facility fee (the "FACILITY FEE") on the daily average amount of such Bank's Commitment, for the period from the date hereof to and including the earlier of (i) the date such Bank's Revolving Credit Commitment is terminated, and (ii) the Revolving Credit Commitment Termination Date, at the rate per annum equal to the Facility Fee Percentage from time to time in effect on the amount of the Total Revolving Credit Commitment. The accrued Facility Fee shall be payable on the Quarterly Dates, and on the earlier of (i) the date the Total Revolving Credit Commitment is terminated, or (ii) the Revolving Credit Commitment Termination Date, and in the event the Borrowers reduce the Total Revolving Credit Commitment as provided in subsection 2.5(b) hereof, on the effective date of such reduction."

(u) Subsection 2.7(d) is deleted in its entirety and the following is substituted therefor:

"(d) The Origination Fee, the Facility Fee, the Agency Fee and the Arrangement Fee are hereinafter sometimes referred to individually as a "FEE" and collectively as the "FEES".

(v) Subsection 2.8(f) is deleted in its entirety and the following is substituted therefor:

"(f) for general working capital purposes for day to day operations."

(w) A new Section 2.23 shall be added to Article 2 as follows:

"SECTION 2.23 INCREASE IN REVOLVING COMMITMENTS.

"At any time and from time to time, the Borrowers may, at their sole expense and effort and after consulting with the Agent, request : (i) one or more Banks to increase (in the sole and absolute discretion of each such Bank) the amount of their

respective Revolving Credit Commitments, and/or (ii) one or more other lending institutions acceptable to the Agent to become "Banks" and extend Revolving Credit Commitments hereunder. To request an increase pursuant to this Section 2.23, the Borrowers shall submit to the Agent a written increase request signed by the Borrowers and in form approved by the Agent, which shall be irrevocable. Each such increase request shall specify, as the case may be: (A) each such existing Bank and the amount of the proposed increase in the amount of its Revolving Credit Commitment, or (B) the proposed new Bank and the Revolving Credit Commitment for such new Bank. Promptly following receipt of such an increase request, the Agent shall advise each existing Bank of the details thereof. Each proposed Bank specified in such increase request may, in its sole and absolute discretion, unconditionally agree, at any time prior to the 30th day following the date thereof, to: (x) if such proposed Bank is an existing Bank, the proposed increase in the amount of its Revolving Credit Commitment specified therein, and (y) if such proposed Bank is a new Bank, be and become a "Bank" hereunder having a Revolving Credit Commitment equal to the amount set forth in such increase request. To so agree, each such proposed Bank shall deliver to the Agent and the Borrowers a written agreement in a form approved by the Agent and signed by such proposed Bank. If one or more of such proposed Banks shall have so agreed, then, on the 35th day following the date of such increase request, the Revolving Credit Commitment of each such proposed Bank that is an existing Bank shall be increased by the applicable amount specified in such increase request and each such

proposed Bank that is a new Bank shall become a "Bank" hereunder having a Revolving Credit Commitment equal to the amount set forth in such increase request, provided that (i) at the time thereof and immediately after giving effect thereto, no Default shall have occurred and be continuing, (ii) immediately after giving effect thereto, the aggregate amount of all increases of the Total Revolving Credit Commitments made under this Section 2.23 shall not exceed \$25,000,000, (iii) the increase of the Total Revolving Credit Commitments specified in such increase request shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (iv) the Agent shall have received the prior written consent (which consent shall not be unreasonably withheld) of the Required Banks. Simultaneously with each increase of the Revolving Credit Commitments under this Section 2.23, each increasing Bank and each New Bank shall, to the extent necessary, purchase from each other existing Bank, and each other existing Bank shall sell to each increasing Bank or new Bank, in each case at par and without representation, warranty, or recourse (in accordance with and subject to the restrictions contained in Section 10.13), such interests, rights and obligations under this Agreement and its Loans of the other existing Banks to the extent necessary so that, immediately after giving effect to such increase, the outstanding Revolving Loans shall be held by the Banks ratably in accordance with their Revolving Credit Commitments, provided that each such assignor Bank shall have received (to the extent of the interests, rights and obligations assigned) payment of the outstanding principal amount of its Loans, accrued interest thereon, accrued fees, commissions and all other amounts payable to it under the Loan Documents from the applicable assignee Banks (to the extent of such outstanding principal and accrued interest, fees and commissions) or the Borrowers (in the case of all other amounts)."

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(x) Section 5.6 is amended by deleting in its entirety therefrom the reference to "45 days" and substituting therefor "60 days".

(y) Subsection 5.8(a) is amended by deleting in its entirety therefrom the reference to "45 days" and substituting therefor "75 days".

(z) Section 5.13 is deleted in its entirety and the following is substituted therefor:

"SECTION 5.13 ADDITIONAL INFORMATION.

Such other material additional information regarding the business, affairs and condition of the Borrowers as Key or Fleet may from time to time request, including, without limitation, as soon as available but in any event not less than forty-five (45) days after the end of each fiscal quarter of HCRI, schedules, in form and substance satisfactory to the Agent, with respect to HCRI on a consolidated basis, of recorded liabilities, unfunded commitments, contingent liabilities and other similar material items, in each case, covering such quarter."

(aa) Section 6.2 is amended by adding the following sentence at the end thereof:

"Notwithstanding the foregoing, the Borrowers agree that the Agent shall be permitted to conduct or cause to be conducted an annual field audit at the Borrowers' expense."

(bb) Subsections 6.9(b) and (c) are deleted in their entirety and the following is substituted therefor:

"(b) Tangible Net Worth of not less than

\$625,000,000, plus 100% of the Net Issuance Proceeds received by HCRI (or any of its Subsidiaries) in connection with the issuance of any equity interest in HCRI (or any of its Subsidiaries) other than any such equity interests issued in connection with any dividend reinvestment program(s).

(c) Interest Coverage of not less than 250%."

(cc) Section 6.16 is deleted in its entirety and the following is substituted therefor:

"SECTION 6.16 OPERATOR CONCENTRATION.

Ensure that not more than ten (10%) percent of the Borrowers' Investments are maintained with a single Operator (including any Affiliates of such Operator); notwithstanding the foregoing, the Borrowers may maintain Investments with no more than two Operators (including any Affiliates thereof) in excess of ten (10%) percent of the Borrowers' Investments provided that the Borrowers' Investment in such Operators (x) individually does not exceed twenty (20%) percent of the Borrowers' Investments, and (y) together does not exceed thirty (30%) percent of the Borrowers' Investments."

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(dd) Subsection 7.1(f) is deleted in its entirety and the following is substituted therefor:

"(f) In addition to the Indebtedness otherwise permitted under this Section 7.1, Indebtedness secured by Liens provided that immediately after giving effect to the incurrence of such Indebtedness, the total outstanding amount of such Indebtedness of HCRI, on a consolidated basis, plus the total outstanding amount of Indebtedness permitted under subsection 7.1(c), does not exceed ten (10%) percent of HCRI's consolidated Tangible Net Worth as of the end of the most recently completed fiscal quarter of HCRI; and"

(ee) Subsection 7.2(c) is deleted in its entirety and the following is substituted therefor:

"(c) Liens securing Indebtedness created after the date hereof and permitted under subsection 7.1(f) hereof; and"

(ff) Section 7.16 is deleted in its entirety and the following is substituted therefor:

"SECTION 7.16 CONSTRUCTION INVESTMENTS.

Permit the outstanding principal amount, accrued interest on and related fees in connection with its Construction Investments to exceed an amount equal to ten (10%) percent of the Borrowers' consolidated Investments in Healthcare Assets; provided, the Borrowers shall not make a Construction Investment for a Facility unless (i) there is included in the terms thereof an agreement for the conversion of the Borrower(s) interests in the Facility upon the completion thereof into full ownership or a mortgage interest, and (ii) if a mortgage interest, the Borrower(s) shall retain a first Lien on such Facility."

(gg) Section 10.6 is amended by deleting the second parenthetical appearing in clause (ii) thereof in its entirety and substituting therefor the following:

"(other than Section 8.1 and Section 8.4 hereof)"

SECTION 2.2 In order to evidence the Loans, as amended hereby, the Borrowers shall execute and deliver to each Bank, simultaneously with the execution and delivery hereof, a substituted promissory note payable to the order of such Bank in substantially the form of Exhibit A annexed hereto (hereinafter referred to individually as a "Substituted Note" and collectively as the "Substituted Notes"). Each of the Banks shall, upon the execution and delivery by the Borrowers of its applicable Substituted Note as herein provided, mark the Note delivered to it in connection with the Original Loan Agreement "Replaced by Substituted Note" and return it to the Borrowers.

SECTION 2.3 (a) All references in the Original Loan Agreement or any other Loan Document to the "Revolving Credit Commitment(s)", the "Note(s)" and the "Loan Documents" shall be deemed to refer respectively, to the Revolving Credit Commitment(s) as

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amended hereby, the Substituted Note(s) and the Loan Documents as defined in the Original Loan Agreement together with, and as amended by this Amendment No. 2, the Substituted Notes and all agreements, documents and instruments delivered pursuant thereto or in connection therewith.

(b) All references in the Original Loan Agreement and the other Loan Documents to the "Loan Agreement", and also in the case of the Original Loan Agreement to "this Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby.

(c) All references in the Notes to the "Revolving Credit Commitment Termination Date" shall be deemed to refer to the Revolving Credit Commitment Termination Date as defined in this Amendment No. 2.

SECTION 2.4 The Original Loan Agreement and the other Loan Documents shall each be deemed amended and supplemented hereby to the extent necessary, if any, to give effect to the provisions of this Agreement.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES.

(a) (i) The Borrowers hereby confirm, reaffirm and restate to each of the Banks and the Agent all of the representations and warranties set forth in Article 3 of the Original Loan Agreement as if such representations and warranties were made as of the date hereof, except for changes in the ordinary course of business which, either singly or in the aggregate, would not have a Material Adverse Effect.

(i) Schedule 3.1 to the Original Loan Agreement is hereby amended as set forth in the Addendum to Schedule 3.1 annexed hereto. Schedules 3.6, 7.1, 7.2 and 7.11 to the Original Loan Agreement are each hereby amended and restated in their entirety as set forth on Schedules 3.6, 7.1, 7.2 and 7.11 annexed hereto.

(b) (i) The execution, delivery and performance by each Borrower of this Amendment No. 2 and the Substituted Notes are within its organizational powers and have been duly authorized by all necessary action (corporate or otherwise) on the part of each Borrower, (ii) this Amendment No. 2 and the Substituted Notes are the legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its respective terms, and (iii) the execution, delivery and performance by each Borrower of this Amendment No. 2 and the Substituted Notes do not: (A) contravene the terms of any Borrower's organizational documents, (B) conflict with or result in a breach or contravention of, or the creation of any lien under, any document evidencing any contractual obligation to which any Borrower is a party or any order, injunction, writ or decree to which any Borrower or its property is subject, or (C) violate any requirement of law.

ARTICLE 4. CONDITIONS TO EFFECTIVENESS OF THIS AGREEMENT.

This Amendment No. 2 to Loan Agreement shall become effective on the date of the fulfillment (to the satisfaction of the Agent) of the following conditions precedent:

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(a) This Amendment No. 2 shall have been executed and delivered to the Agent by a duly authorized representative of the Borrowers, the Agent and each Bank.

(b) The Borrowers shall have executed and delivered to each of the Banks its Substituted Note.

(c) The Borrowers shall pay to the Agents all fees provided for in the fee letter dated November 21, 2000.

(d) The Agent shall have received a Compliance Certificate from the Borrowers dated the date hereof and the matters certified therein, including, without limitation, that after giving effect to the terms and conditions of this Amendment No. 2, no Default or Event of Default shall exist, shall be true.

(e) The Agent shall have received copies of the following:

(i) Copies of all corporate action taken by each of the Borrowers to authorize the execution, delivery and performance of this Amendment No. 2, the Substituted Notes and the transactions contemplated hereby, certified by its secretary;

(ii) A certificate from the secretary of each Original Borrower to the effect that its Certificate of Incorporation and By-laws delivered to the Agent pursuant to the Original Loan Agreement have not been amended since the date of such delivery and that each such document is in full force and effect and is true and correct as of the date hereof;

(iii) The certificates of incorporation or certificates of limited partnership, as the case may be, of each of the Additional Borrowers, certified by the Secretary of State of their respective states of organization;

(iv) The by-laws of each of the corporate Additional Borrowers, certified by their respective secretaries;

(v) Good standing certificates as of a recent date, with respect to each of the Additional Borrowers from the Secretary of State of their respective states of incorporation and each state in which each of them is qualified to do business; and

(vi) An incumbency certificate (with specimen signatures) with respect to each of the Borrowers.

(f) All legal matters incident hereto shall be satisfactory to the Agent and its counsel.

ARTICLE 5. MISCELLANEOUS.

SECTION 5.1 ARTICLE 10 OF THE ORIGINAL LOAN AGREEMENT. The miscellaneous provisions under Article 10 of the Original Loan Agreement, together with the definition of all terms used therein, and all other sections of the Original Loan Agreement to which Article 10 refers are hereby incorporated by reference as if the provisions thereof were set forth in full

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herein, except that (i) the terms "Loan Agreement" and "Note(s)" shall be deemed to refer, respectively, to the Original Loan Agreement, as amended hereby and the Substituted Note(s), (ii) the term "this Agreement" shall be deemed to refer to this Agreement; and (iii) the terms "hereunder" and "hereto" shall be deemed to refer to this Agreement.

SECTION 5.2 CONTINUED EFFECTIVENESS. Except as amended hereby, the Original Loan Agreement and the other Loan Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

SECTION 5.3 COUNTERPARTS. This Agreement may be executed by the parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

[Signature Pages To Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

HEALTH CARE REIT, INC.
 HCRI PENNSYLVANIA PROPERTIES, INC.
 HCRI OVERLOOK GREEN, INC.
 HCRI TEXAS PROPERTIES, INC.
 HCRI TEXAS PROPERTIES, LTD.
 BY HEALTH CARE REIT, INC.,
 ITS GENERAL PARTNER
 HCRI NEVADA PROPERTIES, INC.
 HCRI LOUISIANA PROPERTIES, L.P.
 BY HCRI SOUTHERN INVESTMENTS I, INC.,
 ITS GENERAL PARTNER
 HEALTH CARE REIT INTERNATIONAL, INC.
 HCN ATLANTIC GP, INC.
 HCN ATLANTIC LP, INC.
 HCN BCC HOLDINGS, INC.
 HCRI INDIANA PROPERTIES, INC.
 HCRI INDIANA PROPERTIES, LLC
 BY HEALTH CARE REIT, INC.,
 ITS MEMBER
 HCRI LIMITED HOLDINGS, INC.
 HCRI MASSACHUSETTS PROPERTIES, INC.
 HCRI MASSACHUSETTS PROPERTIES TRUST
 BY HCRI MASSACHUSETTS PROPERTIES, INC.

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$25,714,285.71

FLEET NATIONAL BANK
AS SYNDICATION AGENT AND AS A BANK

BY /S/ CHRISTIAN J. COVELLO, VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

Fleet National Bank
1185 Avenue of the Americas
New York, New York 10036
Attention: Mr. Christian J. Covello

Address for Notices:

Fleet National Bank
1185 Avenue of the Americas
New York, New York 10036
Attention: Mr. Christian J. Covello
Telecopier: (212) 819-4112

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$12,857,142.86

HARRIS TRUST AND SAVINGS BANK

BY /S/ EDWARD MCGUIRE, VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR
Loans:

Harris Trust and Savings Bank
111 West Monroe
Chicago, Illinois 60603
Attention: Edward McGuire

Address for Notices:

Harris Trust and Savings Bank
111 West Monroe

Chicago, Illinois 60603
Attention: Edward McGuire
Telecopier: (312) 293-5852

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$12,857,142.86 COMERICA BANK

BY /S/ BRIAN BRADY, ASSISTANT VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

Comerica Bank
Comerica Tower at Detroit Center
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Jeffrey Gardner

Address for Notices:

Comerica Bank
Comerica Tower at Detroit Center
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Jeffrey Gardner
Telecopier: (313) 222-3420

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$21,428,571.43 BANK OF AMERICA

BY /S/ WILLIAM DUKE, PRINCIPAL

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

Bank of America
100 North N. Tryon Street
Charlotte, North Carolina 28255-0001
Attention: William Duke

Address for Notices:

Bank of America
100 North N. Tryon Street

Charlotte, North Carolina 28255-0001
Attention: William Duke
Telecopier: (704) 388-6002

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$21,428,571.43 BANK ONE, N.A.

BY /S/ JAN E. PETRIK, FIRST VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

Bank One, N.A.
600 Superior
Cleveland, Ohio 44114
Attention: Commercial Loan Operations

Address for Notices:

Bank One, N.A.
Commercial Banking
600 Superior
Cleveland, Ohio 44114
Attention: Ms. Jan Petrik
Telecopier: (440) 352-5971

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$12,857,142.86 NATIONAL CITY BANK

BY /S/ DOUGLAS L. BOX, VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

National City Bank
405 Madison Avenue
Toledo, Ohio 43606
Attention: Mr. Douglas Box

Address for Notices:

National City Bank
405 Madison Avenue
Toledo, Ohio 43606
Attention: Mr. Douglas Box
Telecopier: (419) 259-6666

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$8,571,428.57

MANUFACTURERS AND TRADERS TRUST COMPANY

BY /S/ GREGORY VOGELSANG, ASSISTANT VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

M & T Center
One Fountain Plaza, 12th Floor
Buffalo, New York 14203-1495
Attention: Mr. C. Gregory Vogelsang

Address for Notices:

M & T Center
One Fountain Plaza, 12th Floor
Buffalo, New York 14203-1495
Attention: Mr. Gregory Vogelsang
Telecopier: (716) 848-7318

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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REVOLVING CREDIT COMMITMENT:

\$8,571,428.57

KBC N.V.

BY /S/ KATHERINE S. MCCARTHY, VICE PRESIDENT

TITLE

BY /S/ ROBERT SNAUFFER, FIRST VICE PRESIDENT

TITLE

Lending Office for Base Rate Loans and LIBOR Loans:

KBC N.V.
125 West 55th Street
New York, New York 10019
Attention: Kate McCarthy

Address for Notices:

KBC N.V.
125 West 55th Street
New York, New York 10019
Attention: Kate McCarthy
Telecopier: (212) 541-0793

Health Care REIT, Inc.
Signature Page to Amendment No. 2 to Loan Agreement

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EXHIBIT 1
TO AMENDMENT NO. 2 TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

LIST OF BORROWERS

ORIGINAL BORROWERS

NAME OF ORIGINAL BORROWER	STATE OF ORGANIZATION
Health Care REIT, Inc.	Delaware
HCRI Pennsylvania Properties, Inc.	Pennsylvania
HCRI Overlook Green, Inc.	Pennsylvania
HCRI Texas Properties, Inc.	Delaware
HCRI Texas Properties, Ltd.	Texas
HCRI Louisiana Properties, L.P.	Delaware
Health Care REIT International, Inc..	Delaware
HCN Atlantic GP, Inc.	Delaware
HCN Atlantic LP, Inc.	Delaware
HCRI Nevada Properties, Inc.	Nevada

ADDITIONAL BORROWERS

NAME OF ADDITIONAL BORROWER	STATE OF ORGANIZATION
HCN BCC Holdings, Inc.	Delaware
HCRI Holdings Trust	Massachusetts
HCRI Indiana Properties, Inc.	Delaware
HCRI Indiana Properties, LLC	Indiana
HCRI Limited Holdings, Inc.	Delaware
HCRI Massachusetts Properties Trust	Massachusetts
HCRI Massachusetts Properties, Inc.	Delaware
HCRI North Carolina Properties, LLC	Delaware
HCRI Southern Investments I, Inc.	Delaware
HCRI Tennessee Properties, Inc.	Delaware
Pennsylvania BCC Properties, Inc.	Pennsylvania

ADDENDUM TO SCHEDULE 3.1
 TO LOAN AGREEMENT
 BY AND AMONG
 HEALTH CARE REIT, INC.
 AND ITS SUBSIDIARIES,
 THE BANKS SIGNATORY HERETO
 AND
 KEY CORPORATE CAPITAL INC., AS AGENT

STATES OF ORGANIZATION AND QUALIFICATION,
 AND CAPITALIZATION OF ADDITIONAL BORROWERS

-
- (i) State of Incorporation:
Delaware
 - (ii) Capitalization:
\$1,000.00 (initial)
 - (iii) Business:
Investments in health care facilities
 - (iv) States of Qualification:
Ohio, Tennessee
 - (v) Subsidiaries:
None

HCRI HOLDINGS TRUST

- (i) State of Incorporation:
Massachusetts
- (ii) Capitalization:
N/A
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

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HCRI INDIANA PROPERTIES, INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI INDIANA PROPERTIES, LLC

- (i) State of Incorporation:
Indiana
- (ii) Capitalization:
N/A
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI LIMITED HOLDINGS, INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)

- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

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HCRI MASSACHUSETTS PROPERTIES, INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI MASSACHUSETTS PROPERTIES TRUST

- (i) State of Incorporation:
Massachusetts
- (ii) Capitalization:
N/A
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI NORTH CAROLINA PROPERTIES, LLC

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
N/A
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
North Carolina
- (v) Subsidiaries:
None

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HCRI SOUTHERN INVESTMENTS I, INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)

- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

HCRI TENNESSEE PROPERTIES, INC.

- (i) State of Incorporation:
Delaware
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

PENNSYLVANIA BCC PROPERTIES, INC.

- (i) State of Incorporation:
Pennsylvania
- (ii) Capitalization:
\$1,000.00 (initial)
- (iii) Business:
Investments in health care facilities
- (iv) States of Qualification:
None
- (v) Subsidiaries:
None

SCHEDULE 3.6
TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

JUDGMENTS, ACTIONS, PROCEEDINGS

1. JUST LIKE HOME. In February 1999, the Company commenced the following actions against Just Like Home, Inc. and a related entity: (1) Health Care REIT, Inc. vs. Just Like Home, Inc., Circuit Court of the Twelfth Judicial Circuit, Volusia County, Florida, Case No. 99-10221-CIDL, Division-01; (2) Health Care REIT, Inc. vs. Just Like Home, Inc., Circuit Court of the Fifth Judicial Circuit, Lake County, Florida, Case No. 99-435CA, Division-5; (3) Health Care REIT, Inc. vs. JLH Series I, Inc., Circuit Court of the Twelfth Judicial Circuit, Lake County, Florida, Case No. CA 99-706; (4) Health Care REIT, Inc. vs. Just Like Home, Inc., Circuit Court of the Twelfth Judicial Circuit, Polk County, Florida, Case No. 99-0592-4 (Lake Wales); (5) Health Care REIT, Inc. vs. Just Like Home, Inc., Circuit Court of the Twelfth Judicial Circuit, Polk County, Florida, Case No. 99-0593 (Haines City); (6) Health Care REIT, Inc. vs. Just Like Home, Inc., Circuit Court of the Twelfth Judicial Circuit, Manatee County, Florida, Case No. 99-0000706. In the above actions, the Company was seeking to remove the Tenants from the various facilities and seeking money damages. In a related case, the Contractor for two of the Just

Like Home facilities, KDA, Inc., commenced the following two actions against Just Like Home, Inc. and the Company: (1) KDA, Inc. vs. Just Like Homes, Inc., et al., Circuit Court of the Tenth Judicial Circuit, Polk County, Civil Division, Case No. GC-G-98-3272; and (2) KDA, Inc. vs. Just Like Homes, Inc., et al., Circuit Court of the Tenth Judicial Circuit, Polk County, Civil Division, Case No. GC-G-98-3289. In June 1999, all the parties entered into settlement agreements of all the above cases. As part of the settlements, the terms of the various Leases have been shortened and the Tenants are to make Lease payments to the Company and additional payments to the Contractor. Technically, the cases remain pending to allow the Company to obtain an immediate order of eviction if the Tenant defaults and to allow the Contractor to continue its action if the Tenant defaults. The total amount presently owed to the Contractor is approximately \$176,000.00.

2. HERMITAGE. On November 1, 2000, Montgomery Manor Convalescent Hospital ("Montgomery Manor") filed a bankruptcy petition under 11 U.S.C. in the United States Bankruptcy Court for the Northern District of California, Case No. 00-12538. On October 31, 2000, Hermitage Health Care ("Hermitage") filed a Chapter 11 bankruptcy petition under 11 U.S.C. in the United States Bankruptcy Court for the Northern District of California, Case No. 00-12535. Montgomery Manor is the Tenant in one facility and Hermitage is a Guarantor of the Montgomery Manor Lease.

3. VENCOR. On September 13, 1999, Vencor, Inc. ("Vencor") and numerous related entities filed separate Chapter 11 bankruptcy petitions under Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware, Case No. 99-3199 through 99-3327. The primary case is Case No. 99-3199. Vencor is a Tenant of three facilities.

4. ROBERT SEIDEL - ALBANY, NY FACILITY. On June 7, 2000, Robert Seidel filed suit against the Tenant and the Company in the County of Broome Supreme Court, State of New York, Case No. 2000-1242. Mr. Seidel was an employee of a sub-contractor working at the facility and he suffered injuries from a fall off a ladder. He is seeking \$2 million dollars in damages but a preliminary investigation indicates that he only injured his knee in the fall. Insurance is in place and is providing the defense.

5. MERRILLVILLE, INDIANA. Litigation involving injuries to Virginia Kennedy, incurred during a wanderer episode from the Summerville Facility on or before October 10, 2000. Tenant has not yet been served but has received information that a lawsuit has been filed naming Summerville as well as Balanced Care at Merrillville, Inc., d/b/a Outlook Pointe at Merrillville as defendants. Tenant will move immediately to be dismissed from the lawsuit on the basis that the incident occurred prior to Tenant's involvement with the Facility. Tenant also will demand indemnification from Summerville and Landlord in connection with any costs, expenses or liabilities incurred in connection with the pending litigation.

SCHEDULE 7.1
 TO LOAN AGREEMENT
 BY AND AMONG
 HEALTH CARE REIT, INC.
 AND ITS SUBSIDIARIES,
 THE BANKS SIGNATORY HERETO
 AND
 KEY CORPORATE CAPITAL INC., AS AGENT

 PERMITTED INDEBTEDNESS

I. LINES OF CREDIT

Total
 Available

Key/Fleet Revolving Line of Credit	\$150,000,000
Capital Bank, NA	25,000,000

	\$175,000,000

II. EXISTING SECURED DEBT

Operator	Facility	Investment Balance	Amount of Liens/Indebtedness
-----	-----	-----	-----
Various (Bank United pool)	Various	\$142,791,154	\$ 60,000,000
Southern Assisted Living, Inc.	Bluffton, SC	5,634,679	4,000,000
Horizon Healthcare Corp.	San Antonio, TX	866,452	866,452

			\$ 64,866,452

III. EXISTING OTHER UNSECURED DEBT

1993 Series Senior Notes	\$ 15,000,000
1996 Series Senior Notes	30,000,000
1997 Series Senior Notes	60,000,000
1998 Series Senior Notes	100,000,000
1999 Series Senior Notes	50,000,000

	\$255,000,000

IV. EXISTING CONTINGENT OBLIGATIONS

Operator	Facility	Amount of Guaranty
-----	-----	-----
Kingston Health Care	Naperville, IL	\$ 4,055,000
Village Management	Rockford, IL	4,390,000
ASA Development	Tucson, AZ	3,500,000

		\$11,945,000

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SCHEDULE 7.2
TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

PERMITTED SECURITY INTERESTS, LIENS AND ENCUMBRANCES

EXISTING LIENS

Operator	Facility	Investment Balance	Amount of Liens/Indebtedness
----------	----------	-----------------------	---------------------------------

-----	-----	-----	-----
Various (Bank United pool)	Various	\$142,791,154	\$ 60,000,000
Southern Assisted Living, Inc.	Bluffton, SC	5,634,679	4,000,000
Horizon Healthcare Corp.	San Antonio, TX	866,452	866,452

			\$ 64,866,452

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SCHEDULE 7.11
TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

PERMITTED CAPITAL EXPENDITURES

None

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EXHIBIT A
TO AMENDMENT NO. 2 TO LOAN AGREEMENT
BY AND AMONG
HEALTH CARE REIT, INC.
AND ITS SUBSIDIARIES,
THE BANKS SIGNATORY HERETO
AND
KEY CORPORATE CAPITAL INC., AS AGENT

FORM OF SUBSTITUTED NOTE

\$ _____

DATED: JANUARY 29, 2001

FOR VALUE RECEIVED, each of the undersigned (collectively, the "BORROWERS"), hereby jointly and severally promises to pay to the order of _____ (the "BANK") on the Revolving Credit Commitment Termination Date, the principal sum of _____ (\$ _____) Dollars, or such lesser amount as shall be equal to the aggregate unpaid principal amount of the Loans outstanding on the close of business on the Revolving Credit Commitment Termination Date made by the Bank to the Borrowers; and to pay interest on the unpaid principal amount of each Loan from the date thereof at the rates per annum and for the periods set forth in or established by the Agreement and calculated as provided therein.

All indebtedness outstanding under this Substituted Note shall bear interest (computed in the same manner as interest on this Substituted Note

prior to the relevant due date) at the applicable Post-Default Rate for all periods when an Event of Default has occurred and is continuing, commencing on the occurrence of such Event of Default until such Event of Default has been cured or waived as acknowledged in writing by the Agent, and all of such interest shall be payable on demand.

Anything herein to the contrary notwithstanding, the obligation of the Borrowers to make payments of interest shall be subject to the limitation that payments of interest shall not be required to be made to the Bank to the extent that the Bank's receipt thereof would not be permissible under the law or laws applicable to the Bank limiting rates of interest which may be charged or collected by the Bank. Any such payments of interest which are not made as a result of the limitation referred to in the preceding sentence shall be made by the Borrowers to the Bank on the earliest interest payment date or dates on which the receipt thereof would be permissible under the laws applicable to the Bank limiting rates of interest which may be charged or collected by the Bank.

Payments of both principal and interest on this Substituted Note are to be made to the office of Key Corporate Capital Inc., as Agent, at 127 Public Square, Cleveland, Ohio 44114-1306 or such other place as the holder hereof shall designate to the Borrowers in writing, in lawful money of the United States of America in immediately available funds.

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This Substituted Note is one of the Substituted Notes referred to in, and is entitled to the benefits of, the Loan Agreement dated as of March 28, 1997, as amended by Amendment No. 1 to Loan Agreement dated as of October 1, 1998 and Amendment No. 2 to Loan Agreement dated of even date herewith by and among the Borrowers, the Banks signatory thereto (including the Bank) and the Agent (as so amended and as further amended, modified or supplemented from time to time, the "AGREEMENT"). This Substituted Note supersedes and is given in substitution for the [Note] [Replacement Note] dated [March 28, 1997] [October 1, 1998] made by the Borrowers to the order of the Bank in the original principal amount of \$_____ but does not constitute a novation, extinguishment or termination of the obligations evidenced thereby. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Agreement.

The Bank is hereby authorized by the Borrowers to record on the schedule to this Substituted Note (or on a supplemental schedule thereto) the amount of each Loan made by the Bank to the Borrowers and the amount of each payment or repayment of principal of such Loans received by the Bank, it being understood, however, that failure to make any such notation shall not affect the rights of the Bank or the obligations of the Borrowers hereunder in respect of this Substituted Note. The Bank may, at its option, record such matters in its internal records rather than on such schedule.

Upon the occurrence of any Event of Default, the principal amount and accrued interest on this Substituted Note may be declared due and payable in the manner and with the effect provided in the Loan Agreement.

The Borrowers shall pay costs and expenses of collection, including, without limitation, attorneys' fees and disbursements in the event that any action, suit or proceeding is brought by the holder hereof to collect this Substituted Note.

THIS SUBSTITUTED NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS RULES PERTAINING TO CONFLICTS OF LAWS.

[Signatures on Following Page]

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HEALTH CARE REIT, INC.
HCRI PENNSYLVANIA PROPERTIES, INC.
HCRI OVERLOOK GREEN, INC.
HCRI TEXAS PROPERTIES, INC.
HCRI TEXAS PROPERTIES, LTD.
 BY HEALTH CARE REIT, INC.,
 ITS GENERAL PARTNER
HCRI NEVADA PROPERTIES, INC.
HCRI LOUISIANA PROPERTIES, L.P.
 BY HCRI SOUTHERN INVESTMENTS I, INC.,
 ITS GENERAL PARTNER
HEALTH CARE REIT INTERNATIONAL, INC.
HCN ATLANTIC GP, INC.
HCN ATLANTIC LP, INC.
HCN BCC HOLDINGS, INC.
HCRI INDIANA PROPERTIES, INC.
HCRI INDIANA PROPERTIES, LLC
 BY HEALTH CARE REIT, INC.,
 ITS MEMBER
HCRI LIMITED HOLDINGS, INC.
HCRI MASSACHUSETTS PROPERTIES, INC.
HCRI MASSACHUSETTS PROPERTIES TRUST
 BY HCRI MASSACHUSETTS PROPERTIES, INC.
 ITS TRUSTEE
HCRI HOLDINGS TRUST
 BY HCRI MASSACHUSETTS PROPERTIES, INC.
 ITS TRUSTEE
HCRI NORTH CAROLINA PROPERTIES, LLC
 BY HEALTH CARE REIT, INC.
 ITS MEMBER
HCRI SOUTHERN INVESTMENTS I, INC.
HCRI TENNESSEE PROPERTIES, INC.
PENNSYLVANIA BCC PROPERTIES, INC.

BY_____

GEORGE L. CHAPMAN, as Chief Executive Officer of all of the
aforementioned entities, has executed this Substituted Note intending that all
entities above named are bound and are to be bound by the one signature as if he
had executed this Substituted Note separately for each of the above named
entities.

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AMENDMENT NO. 1 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "Amendment Agreement") is made and entered into as of this 5th day of April, 1999, by and among HEALTH CARE REIT, INC., a Delaware corporation having its chief executive office in Toledo, Ohio ("HCN") and the following Subsidiaries of HCN: PENNSYLVANIA BCC PROPERTIES, INC., HCN BCC HOLDINGS, INC., AND HCRI TEXAS PROPERTIES, LTD. (such Subsidiaries and HCN collectively referred to as the "Borrowers" and individually as a "Borrower"), BANK UNITED, a federal savings bank organized and existing under the laws of the United States of America ("Bank United"), in its capacity as agent for the Lenders (as defined below) (in such capacity, the "Agent"), and each of the Lenders executing and delivering a signature page hereto.

W I T N E S S E T H:

WHEREAS, the Borrowers, the Agent and the lenders from time to time party thereto (the "Lenders") have entered into that certain Credit Agreement dated as of February 24, 1999, (as hereby amended, and as from time to time further amended, modified, supplemented or restated, the "Agreement"), pursuant to which the Lenders have made available to the Borrowers a Revolving Credit Facility; and

WHEREAS, the Borrower has requested that the Agreement be amended to allow for LIBOR Rate Loans having Interest Periods of two, three or six months in addition to the one month Interest Periods currently permitted; and

WHEREAS, subject to the terms and conditions herein stated, the Agent and the Lenders are willing to allow such additional Interest Period options be made available to the Borrowers under the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, and intending to be legally bound, the parties hereto do hereby agree as follows:

1. Definitions. Capitalized terms used herein without definition shall have the meaning set forth in the Agreement.

2. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) The definition of "Interest Period" in Section 1. 1 of the Agreement is amended in its entirety so that as amended it shall read as follows:

"Interest Period" means, for each LIBOR Rate Loan, a period commencing on the date such LIBOR Rate Loan is made or Converted or Continued and ending, at the Borrowers' option, on the date one, two, three or six

months thereafter as notified to the Agent by the Authorized Representative in accordance with the terms hereof; provided that,

(i) if an Interest Period for a LIBOR Rate Loan would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day (unless such extension would cause the applicable Interest Period to end in the succeeding calendar month, in which case such Interest Period shall end on the next preceding Business Day); and

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month."

(b) The definition of "LIBOR Base Rate" in Section 1.1 of the Agreement is amended in its entirety so that as amended it shall read as follows:

"LIBOR Base Rate" means, with respect to any LIBOR Rate Loan, for any Interest Period applicable thereto, the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of one percent) quoted by the Reference Bank at approximately 11:00 a.m. London time (or as soon thereafter as practicable) two (2) LIBOR Business Days prior to the first day of such Interest Period as the rate at which the Reference Bank is offered Dollar deposits in the London interbank market where the LIBOR and foreign currency and exchange operations of the Reference Bank are customarily conducted, having a term comparable to such Interest Period and in an amount comparable to the principal amount of the LIBOR Rate Loan to be made by the Lenders to which such Interest Period relates."

(c) The second sentence of Section 3.2 of the Agreement is amended in its entirety so that as amended it shall read as follows: "Each such notice shall be effective upon receipt by the Agent, shall specify the amount of the LIBOR Rate Loan affected and the duration of the Interest Period to be applicable thereto."

(d) The second sentence of Section 3.3, of the Agreement is amended in its entirety so that as amended it shall read as follows: "Interest on each Loan shall be paid on the earlier of (a) in the case of any Prime Rate Loan, monthly in arrears of the last Business Day of each month, commencing on March 31, 1999, until the Revolving Credit Termination Date, at which date as applicable the entire principal amount of and all accrued interest on the Loans shall be paid in full, (b) in the case of any LIBOR Rate Loan, on last day of the applicable Interest Period for such LIBOR Rate Loan and if such Interest Period extends for more than three (3) months, at intervals of three (3) months after the first day of such Interest Period, and (c) upon payment in full of the related Loan; provided, however, that if any Event of Default shall occur and be continuing, all

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amounts outstanding hereunder shall bear interest thereafter until paid in full at the Default Rate."

(e) Exhibit D in the form attached to the Agreement is hereby deleted and the form of Exhibit D attached hereto is substituted in lieu thereof.

(f) Exhibit E in the form attached to the Agreement is hereby deleted and the form of Exhibit E attached hereto is substituted in lieu thereof.

3. Representations and Warranties. In order to induce the Agent and the Lenders to enter into this Agreement, the Borrowers jointly and severally represent and warrant to the Agent and the Lenders as follows:

(a) The representations and warranties made in Article VII of the Credit Agreement are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date and except that if any financial statements have been delivered by the Borrowers to the Agent and the Lenders pursuant to Section 8.1 of the Credit Agreement, the financial statements referred to in Section 7.11(a) of the Credit Agreement shall be deemed to be those financial statements most recently delivered to the

Agent and the Lenders pursuant to Section 8.1 of the Credit Agreement;

(b) There has been no material adverse change in the condition, financial or otherwise, of HCN and its Subsidiaries, taken as a whole, since the date of the most recent financial reports received by the Agent and the Lenders under Section 7.11(a) or Section 8.1(a) of the Credit Agreement, as applicable, other than changes in the ordinary course of business;

(c) The business and properties of HCN and its Subsidiaries, taken as a whole, are not, and since the date of the most recent financial reports received by the Agent and the Lenders under Section 7.11(a) or Section 8.1(a) of the Credit Agreement as applicable, have not been, adversely affected in any substantial way as the result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo, riot, activities of armed forces, war or acts of God or the public enemy, or cancellation or loss of any major contracts; and

(d) No event has occurred and is continuing which constitutes, and no condition exists which upon the consummation of the transaction contemplated hereby would constitute, a Default or an Event of Default on the part of any Borrower under the Credit Agreement.

4. Conditions To Effectiveness. The effectiveness of this Amendment Agreement is subject to the conditions that the Agent shall have received four (4) counterparts of this Amendment Agreement duly executed by each Borrower and each Lender.

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5. Expenses. In accordance with Section 12.5 of the Agreement, the Borrowers agree to pay all out-of-pocket expenses incurred by the Agent (including, without limitation, reasonable attorneys' fees and disbursements) in connection with the negotiation, preparation, execution and delivery of this Amendment Agreement.

6. Entire Agreement. This Amendment Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, conditions, representation or warranty, express or implied, not herein set forth shall bind any party hereto, and no one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as in this Amendment Agreement otherwise expressly stated, no representations, warranties or commitments, express or implied, have been made by any other party to the other with respect to the subject matter of this Amendment Agreement. None of the terms or conditions of this Amendment Agreement may be changed, modified, waived or canceled orally or otherwise, except as provided in the Agreement.

7. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Agreement and all of the other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

8. Governing Law. This Amendment Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Texas.

9. Enforceability. Should any one or more of the provisions of this Amendment Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

10. Counterparts. This Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together

constitute one and the same instrument.

11. Credit Agreement. All references in any of the Loan Documents to the Agreement, or any other term defined to be the Agreement, shall mean the Agreement as amended hereby.

12. Successors and Assigns. This Amendment Agreement shall be binding upon and inure to the benefit of each of the Borrowers, each of the Lenders and the Agent and their respective successors, assigns and legal representatives; provided, however, that no Borrower, without the prior consent of the Agent and each of the Lenders, may assign any rights, powers, duties or obligations hereunder.

IN WITNESS HEREOF, each of the undersigned have duly executed this instrument by their respective duly authorized officers as of the day and year first above written.

BORROWERS:

HEALTH CARE REIT, INC.

WITNESS:

By: _____

Name: _____

Title: _____

PENNSYLVANIA BCC PROPERTIES, INC.

WITNESS:

By: _____

Name: _____

Title: _____

HCN BCC HOLDINGS, INC. WITNESS:

WITNESS:

By: _____

Name: _____

Title: _____

HCRI TEXAS PROPERTIES, LTD., a limited partnership, by its general partner:

HEALTH CARE REIT, INC.

WITNESS:

By: _____

Name: _____

Title: _____

BANK UNITED, as Agent for the Lenders

WITNESS:

By: _____

Name: _____

Title: _____

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BANK UNITED, as. Lender

WITNESS:

By: _____

Name: _____

Title: _____

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EXHIBIT D

Form of Borrowing Notice

To: Bank United
3200 Southwest Freeway, Ste. 2900
Houston TX 77027-7528
Attention: Mr. Will Roberson
Telephone: (713) 543-7745
Telefacsimile: (713) 5434162

Reference is made to the Credit Agreement dated as of February 24, 1999 (as the same may be amended, supplemented or restated from time to time, the "Credit Agreement") among Health Care REIT, Inc., a Delaware corporation ("HCN"), and certain Subsidiaries of HCN designated as Borrowers therein (HCN and such Subsidiaries being collectively referred to as the "Borrowers") the Lenders (as defined in the Agreement) and Bank United, as Agent for the Lenders ("Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The Borrowers, through their undersigned Authorized Representative, hereby give notice to the Agent that Loans of the type and amount set forth below be made on the date indicated:

Type of Loan (check one) -----	Interest Period(1) -----	Aggregate Amount(2) -----	Date of Loan(3) -----
Revolving Loan			
Prime Rate Loan	N/A	_____	_____
LIBOR Rate Loan	_____	_____	_____

- (1) For any LIBOR Rate Loan, one, two, three or six months.
- (2) Must be \$3,000,000 or if greater an integral multiple of \$500,000.
- (3) At least three (3) LIBOR Business Days later if a LIBOR Rate Loan.

The Borrowers hereby request that the proceeds of Loans described in this Borrowing Notice be made available as follows:

Name of recipient (must be a Borrower): _____

Transmittal Instructions: _____

The undersigned hereby certifies that:

1. No Default or Event of Default exists either now or after giving effect to the borrowing described herein;

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2. All the representations and warranties set forth in Article VII of the Agreement and in the Loan Documents (other than those expressly stated to refer to a particular date) are true and correct as of the date hereof except that the reference to the financial statements in Section 7.11(a) of the Agreement are to those financial statements most recently delivered to you pursuant to Section 8.1 of the Agreement (it being understood that any financial statements delivered pursuant to Section 8.1(b) have not been certified by independent public accountants); and

3. A true and correct Borrowing Base Certificate dated as of the date hereof has been executed by the Borrowers and delivered to the Agent; and

4. All conditions contained in the Agreement to the making of any Loan requested hereby have been met or satisfied in full.

HEALTH CARE REIT, INC.
PENNSYLVANIA BCC PROPERTIES, INC.
HCN BCC HOLDINGS, INC.
HCRI TEXAS PROPERTIES, LTD.
[OTHER BORROWERS]

BY: _____
Authorized Representative

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EXHIBIT E

Form of Interest Rate Selection Notice

To: Bank United
3200 Southwest Freeway, Ste. 2900
Houston TX 77027-7528
Attention: Mr. Will Roberson
Telephone: (713) 543-7745
Telefacsimile: (713) 543-4162

Reference is made to the Credit Agreement dated as of February 24, 1999 (as the same may be amended, supplemented or restated from time to time, the "Credit Agreement") among Health Care REIT, Inc., a Delaware corporation ("HCN"), and certain Subsidiaries of HCN designated as Borrowers therein (HCN and such Subsidiaries being collectively referred to as the "Borrowers") the Lenders (as defined in the Agreement) and Bank United, as Agent for the Lenders ("Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The Borrowers, through their Authorized Representative, hereby give notice to the Agent of the following selection of a type of Loan and Interest Period:

Type of Loan (check one) -----	Interest Period(1) -----	Aggregate Amount(2) -----	Date of Loan(3) -----
Revolving Loan			
Prime Rate Loan	N/A	-----	-----
LIBOR Rate Loan	-----	-----	-----

-
- (1) For any LIBOR Rate Loan, one, two, three or six months.
 - (2) Must be \$3,000,000 or if greater an integral multiple of \$500,000.
 - (3) At least three (3) LIBOR Business Days later if a LIBOR Rate Loan.

HEALTH CARE REIT, INC.
PENNSYLVANIA BCC PROPERTIES, MC.
HCN BCC HOLDINGS, INC.
HCRI TEXAS PROPERTIES, LTD.
[OTHER BORROWERS]

BY: _____
Authorized Representative

DATE: _____

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY -----	STATE OF ORGANIZATION AND TYPE OF ENTITY -----	DATE OF ORGANIZATION -----
HCRI Pennsylvania Properties, Inc.	Pennsylvania corporation	November 1, 1993
HCRI Overlook Green, Inc.	Pennsylvania corporation	July 9, 1996
HCRI Texas Properties, Inc.	Delaware corporation	December 27, 1996
HCRI Texas Properties, Ltd.	Texas limited partnership	December 30, 1996
Health Care REIT International, Inc.	Delaware corporation	February 11, 1998
HCN Atlantic GP, Inc.	Delaware corporation	February 20, 1998
HCN Atlantic LP, Inc.	Delaware corporation	February 20, 1998
HCRI Nevada Properties, Inc.	Nevada corporation	March 27, 1998
HCRI Southern Investments I, Inc.	Delaware corporation	June 11, 1998
HCRI Louisiana Properties, L.P.	Delaware limited partnership	June 11, 1998
HCN BCC Holdings, Inc.	Delaware corporation	September 25, 1998
HCRI Tennessee Properties, Inc.	Delaware corporation	September 25, 1998
HCRI Limited Holdings, Inc.	Delaware corporation	September 25, 1998
Pennsylvania BCC Properties, Inc.	Pennsylvania corporation	September 25, 1998
HCRI North Carolina Properties, LLC	Delaware limited liability company	December 10, 1999
HCRI Massachusetts Properties, Inc.	Delaware corporation	March 17, 2000
HCRI Massachusetts Properties Trust	Massachusetts trust	March 30, 2000
HCRI Indiana Properties, Inc.	Delaware corporation	June 15, 2000
HCRI Indiana Properties, LLC	Indiana limited liability company	June 16, 2000
HCRI Holdings Trust	Massachusetts trust	September 9, 2000

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-46561) dated March 20, 1992 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1237) dated February 27, 1996 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1239) dated February 27, 1996 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan, the Registration Statement (Form S-3 No. 333-19537) dated January 10, 1997 of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-40769) dated November 21, 1997 pertaining to the Health Care REIT, Inc. Stock Plan for non-employee Directors of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-40771) dated November 21, 1997 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan of Health Care REIT, Inc., and Amendment No. 1 to the Registration Statement (Form S-3 No. 333-43177) dated January 7, 1998 of Health Care REIT, Inc. of our report dated January 12, 2001 with respect to the consolidated financial statements and schedules of Health Care REIT, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2000.

ERNST & YOUNG LLP

Toledo, Ohio
March 21, 2001

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ WILLIAM C. BALLARD, JR.

William C. Ballard, Jr., Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to

be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 9th day of February, 2001.

/S/ PIER C. BORRA

Pier C. Borra, Director

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 16th day of January, 2001.

/S/ JEFFREY H. DONAHUE

Jeffrey H. Donahue, Director

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with

full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ PETER J. GRUA

Peter J. Grua, Director

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN her true and lawful attorney-in-fact and agent, with full power to act, her true and lawful attorney-in-fact and agent, for her and in her name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as she might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets her hand this 16th day of January, 2001.

/S/ SHARON M. OSTER

Sharon M. Oster, Director

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ BRUCE G. THOMPSON

Bruce G. Thompson, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ R. SCOTT TRUMBULL

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ RICHARD A. UNVERFERTH

Richard A. Unverferth, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director and the Chairman of the Board and Principal Executive Officer of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints RAYMOND W. BRAUN, his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as director and Chairman of the Board and Principal Executive Officer, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in

and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ GEORGE L. CHAPMAN

George L. Chapman, Director,
Chairman of the Board and
Principal Executive Officer

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Principal Financial Officer and the Principal Accounting Officer of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as the Principal Financial Officer and Principal Accounting Officer, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ RAYMOND W. BRAUN

Raymond W. Braun, Principal
Financial Officer

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Controller of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 2000, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for his and in his name, place and stead, in the capacity as Controller and Principal Accounting Officer, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 15th day of January, 2001.

/S/ MICHAEL A. CRABTREE

Michael A. Crabtree, Treasurer and
Controller and
Principal Accounting Officer

F O R I M M E D I A T E R E L E A S E

October 12, 2000
For more information contact:
Raymond Braun - (419) 247-2800
Erin Ibele - (419) 247-2800

HEALTH CARE REIT, INC. TO RELEASE EARNINGS
AND HOLD CONFERENCE CALL ON OCTOBER 18, 2000

Toledo, Ohio, October 12, 2000..... HEALTH CARE REIT, INC. (NYSE/HCN) announced today it will release its 2000 third-quarter earnings on Tuesday, October 17, after trading ends on the New York Stock Exchange. At 11:00 a.m. Eastern Time on October 18, the company will hold a conference call to discuss the company's results and performance for the third quarter.

The toll-free number for the call is 1-877-817-7175. Callers to this number will be able to listen to the company's discussion and to questions.

For those unable to listen to the call live, a taped rebroadcast will be available beginning two hours after completion of the live call on October 18. To access the rebroadcast, dial 1-888-266-2086. The conference ID number is 4646502.

Health Care REIT, Inc., with headquarters in Toledo, Ohio, is a real estate investment trust that invests in health care facilities, primarily nursing homes and assisted living facilities. At June 30, 2000, the company had investments in 215 health care facilities in 34 states and had total assets of approximately \$1.2 billion. For more information on Health Care REIT, Inc., via facsimile at no cost, dial 1-800-PRO-INFO and enter the company code - HCN. More information is available on the Internet at <http://www.hcreit.com>.

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F O R I M M E D I A T E R E L E A S E

OCTOBER 17, 2000
 FOR MORE INFORMATION CONTACT:
 RAY BRAUN - (419) 247-2800
 MIKE CRABTREE - (419) 247-2800

HEALTH CARE REIT, INC. REPORTS THIRD QUARTER RESULTS;
 DECLARES REGULAR DIVIDEND

AGREEMENT TO RESTRUCTURE INVESTMENT IN LARGE ASSISTED LIVING OPERATOR

Toledo, Ohio, October 17, 2000.....HEALTH CARE REIT, INC. (NYSE/HCN) today announced operating results for its third quarter and nine months ending September 30, 2000. The company's strategies to enhance the quality of its portfolio and reduce debt are successfully being implemented.

"We are pleased with our operating results for the quarter, and are on track to complete our \$200 million asset divestiture program," commented George L. Chapman, chairman and chief executive officer. "Although the divestiture program has created a modest reduction in asset size and FFO results, this strategy has effectively preserved the company's fundamental credit qualities. The company's low leverage of 38 percent debt to total capitalization and EBITDA coverage at 3.5 times strongly support the interest and dividend payments. We intend to maintain the dividend at its current level, with increases to resume once capital becomes available at costs that permit accretive investment activity."

The Board of Directors voted to declare a dividend for the quarter ended September 30, 2000, of \$0.585 per share as compared with \$0.575 per share for the same period in 1999. The dividend represents the 118th consecutive dividend payment. The dividend will be payable November 20, 2000, to shareholders of record on October 31, 2000.

SUMMARY OF THIRD QUARTER RESULTS

(in thousands, except per share numbers)

	THREE MONTHS ENDED SEPT. 30, 2000	THREE MONTHS ENDED SEPT. 30, 1999
Revenues	\$33,906	\$34,160
Net Income	\$13,785	\$16,195
FFO	\$19,215	\$19,896
Net Income Per Diluted Share	\$0.48	\$0.57
FFO Per Diluted Share	\$0.67	\$0.70
Dividend Per Share	\$0.585	\$0.570
FFO Payout Ratio	87%	81%

Funds from operations (FFO), the generally accepted measure of operating performance for the real estate investment trust industry, totaled \$19.2 million, or \$0.67 per diluted share, for the latest three months, compared with \$19.9 million, or \$0.70 per diluted share, for the third quarter of 1999. Revenues were mostly unchanged as a result of increased rental income from newly converted construction properties offsetting the decline in the investment base as a result of asset dispositions.

Net income was reduced by about 15 percent during the quarter primarily as a result of an increase in the company's provision for depreciation, the level of non-recurring revenue recognized in the comparable periods in 1999, and an increase in interest expense. The provision for depreciation in the third quarter totaled \$6.0 million compared with \$4.6 million for the same period in 1999. The increased provision for

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depreciation primarily was the result of additional investments in properties owned directly by the company. Included in net income for the third quarter of 1999 were non-recurring gains and prepayment fees of \$907,000 compared with \$555,000 for the third quarter of 2000. Interest expense for the latest three months was \$8.4 million compared with \$7.7 million for the same period in 1999. The company capitalizes certain interest costs associated with funds used to finance the construction of properties owned directly by the company. The company's interest expense is reduced by the amount capitalized. As a result of reduced construction financing, capitalized interest for the 2000 third quarter totaled \$600,000 compared with \$1.9 million for the same period in 1999.

SUMMARY OF YEAR-TO-DATE RESULTS

(in thousands, except per share numbers)

	NINE MONTHS ENDED SEPT. 30, 2000	NINE MONTHS ENDED SEPT. 30, 1999
Revenues	\$103,178	\$95,496
Net Income	\$43,130	\$48,201
FFO	\$58,559	\$58,547
Net Income Per Diluted Share	\$1.51	\$1.70
FFO Per Diluted Share	\$2.05	\$2.06
Dividend Per Share	\$1.75	\$1.695
FFO Payout Ratio	85%	82%

The decline in net income again was related primarily to an increase in the provision for depreciation, the level of non-recurring revenue recognized in the comparable periods in 1999, and increases in interest expense. For the nine months of 2000, the provision for depreciation totaled \$16.6 million compared with \$12.6 million for the same period in 1999. The increased provision for depreciation was the result of additional investments in properties owned directly by the company. Included in net income for the nine-month period of 2000 were non-recurring gains and prepayment fees of \$1.1 million compared with \$2.3 million for the nine-month period of 1999. During the recent nine-month period, interest expense totaled \$26.1 million compared with \$18.7 million for the same period last year, with capitalized interest totaling \$2.7 million compared with \$7.0 million for the same period in 1999.

ASSET SALES EFFECTIVE IN REDUCING DEBT. During the first nine months of 2000, the company completed asset sales totaling \$161 million. The proceeds derived from the sales were used to meet debt maturities, satisfy unfunded commitment obligations, and pay down the company's line of credit arrangements. The asset sales contributed to an 8 percent reduction in total assets, which at September 30, 2000, totaled \$1.16 billion.

At September 30, 2000, the company had a total outstanding debt balance of \$439 million compared with \$539 million at December 31, 1999, and shareholders' equity of \$703 million, which represents a debt to total capitalization ratio of 0.38 to 1.0. During the first nine months of 2000, the company's coverage ratio

of EBITDA to interest was 3.5 to 1.0.

SUMMERVILLE RESTRUCTURING. The company also announced that it has reached agreement with Summerville Senior Living, Inc. ("Summerville"), subject to usual and customary closing conditions, for restructuring its investment in Summerville and its facilities. The restructuring results from Summerville's decision to refocus its operations in targeted markets where it can achieve operating efficiencies, such as in its California markets. Health Care REIT's facilities are dispersed predominately in the Eastern U.S. and consist of 11 assisted living facilities and one development site with an investment balance of approximately \$136 million. The agreement provides for the company to substitute operators at 10 of the Summerville facilities, Summerville to substantially repay existing company subdebt, and the company to make an equity investment in the reorganized Summerville. The company has reached agreements to re-lease 10 facilities to regional operators.

"We are pleased with this agreement that balances the interests of Summerville and Health Care REIT," said Chapman. "It is logical that Summerville focus its efforts predominately in the Western U.S., an area in which its current CEO built a strong portfolio with a high percentage of stabilized properties. The company will take the opportunity to make a new investment in Summerville. Most importantly, with

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Summerville's full cooperation and support, the company will be able to re-lease our facilities to five proven, regionally focused operators with whom we have had a positive, long-term relationship."

OUTLOOK REMAINS FAVORABLE FOR FOURTH QUARTER 2000. Based on current market conditions, the company expects FFO per diluted share of \$0.66 to \$0.67 for the fourth quarter of 2000. Based on recurring construction funding and existing commitments to operators, the company anticipates new investments of \$15 to \$20 million with an average yield of 11.5 to 12.0 percent. The company currently is working with several potential buyers and expects to close on asset dispositions totaling \$30 to \$50 million by the end of the fourth quarter 2000.

CONFERENCE CALL INFORMATION.

Health Care REIT has scheduled a conference call on October 18, 2000 at 11:00 a.m. EST to discuss its third quarter 2000 performance, the Summerville restructuring, industry trends, and its outlook for the fourth quarter and year-end. To participate, log on to www.hcreit.com or www.streetevents.com 15 minutes before the call to download the necessary software. Replays will be available for 90 days through StreetEvents' website.

Health Care REIT, Inc., with headquarters in Toledo, Ohio, is a real estate investment trust that invests in health care facilities, primarily nursing homes and assisted living facilities. At September 30, 2000, the company had investments in 209 health care facilities in 34 states and had total assets of approximately \$1.2 billion. For more information on Health Care REIT, Inc., via facsimile at no cost, dial 1-800-PRO-INFO and enter the company code - HCN. More information is available on the Internet at <http://www.hcreit.com>.

This document and supporting schedules may contain "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the company's actual results in the future to differ materially from expected results. These risks and uncertainties include, among others, general economic conditions, the availability of capital, competition within the financial services and real estate markets, the performance of operators within Health Care REIT's portfolio, and regulatory and other changes in the health care sector, as described in the company's filings with the Securities and Exchange Commission.

FINANCIAL SCHEDULES FOLLOW

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HEALTH CARE REIT, INC.
FINANCIAL SUPPLEMENT

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(AMOUNTS IN THOUSANDS)

	SEPTEMBER 30	
	2000	1999
	-----	-----
ASSETS		
Real estate investments:		
Real property owned		
Land	\$ 71,289	\$ 63,627
Buildings & improvements	739,437	687,429
Construction in progress	23,744	77,717
	-----	-----
	834,470	828,773
Less accumulated depreciation	(46,820)	(32,113)
	-----	-----
Total real property owned	787,650	796,660
Loans receivable		
Real property loans	314,570	411,842
Subdebt investments	27,551	22,242
	-----	-----
	342,121	434,084
Less allowance for losses on loans receivable	(6,337)	(5,437)
	-----	-----
	335,784	428,647
	-----	-----
Net real estate investments	1,123,434	1,225,307
Other assets:		
Equity investments	5,556	7,570
Deferred loan expenses	3,065	3,342
Cash and cash equivalents	3,516	7,779
Receivables and other assets	26,712	17,861
	-----	-----
	38,849	36,552
	-----	-----
TOTAL ASSETS	\$ 1,162,283	\$ 1,261,859
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit obligations	\$ 118,850	\$ 178,100
Senior unsecured notes	255,000	290,000
Secured debt	64,867	61,364
Accrued expenses and other liabilities	20,554	24,269
	-----	-----
Total liabilities	\$ 459,271	\$ 553,733
Shareholders' equity:		
Preferred Stock	150,000	150,000
Common Stock	28,691	28,413

Capital in excess of par value	526,307	522,057
Undistributed net income	2,001	10,642
Accumulated other comprehensive income	(715)	875
Unamortized restricted stock	(3,272)	(3,861)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	\$ 703,012	\$ 708,126
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,162,283	\$ 1,261,859
	=====	=====

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HEALTH CARE REIT, INC.
FINANCIAL SUPPLEMENT

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	1999	2000	1999
	-----	-----	-----	-----
Revenues:				
Operating lease rents	\$ 22,266	\$ 19,554	\$ 65,984	\$ 51,828
Interest income	9,695	12,419	31,408	36,502
Commitment fees and other income	1,390	1,280	4,657	4,898
Prepayment fees	0	907	57	1,565
Gain on sale of properties	555	0	1,072	703
	-----	-----	-----	-----
Gross Revenues	33,906	34,160	103,178	95,496
Expenses:				
Interest expense	\$ 8,411	\$ 7,733	\$ 26,093	\$ 18,682
Provision for depreciation	5,985	4,608	16,558	12,614
General and administrative	1,823	1,881	5,654	5,427
Loan expense	276	242	879	660
Provision for losses	250	150	750	450
	-----	-----	-----	-----
Total Expenses	16,745	14,614	49,934	37,833
Net Income	17,161	19,546	53,244	57,663
Preferred stock dividends	3,376	3,351	10,114	9,462
	-----	-----	-----	-----
Net Income Available to Common Shareholders	\$ 13,785	\$ 16,195	\$ 43,130	\$ 48,201
	=====	=====	=====	=====
Average number of common shares outstanding:				
Basic	28,507	28,196	28,460	28,141
Diluted	28,650	28,418	28,603	28,403
Net income per share:				
Basic	\$ 0.48	\$ 0.57	\$ 1.52	\$ 1.71
Diluted	0.48	0.57	1.51	1.70
Funds from operations	\$ 19,215	\$ 19,896	\$ 58,559	\$ 58,547
Funds from operations per share:				
Basic	\$ 0.67	\$ 0.71	\$ 2.06	\$ 2.08
Diluted	0.67	0.70	2.05	2.06

Dividends per share \$ 0.585 \$ 0.570 \$ 1.750 \$ 1.695

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HEALTH CARE REIT, INC.
FINANCIAL SUPPLEMENT - SEPTEMBER 30, 2000

PORTFOLIO COMPOSITION (\$000'S)

EXHIBIT 1

BALANCE SHEET DATA	# Properties	# Beds/Units	Balance	% Balance
Real Property	153	12,220	\$ 787,650	70%
Loans Receivable	56	5,779	314,570	28%
Subdebt Investments	-na-	-na-	27,551	2%
Total Investments	209	17,999	\$ 1,129,771	100%
INVESTMENT DATA	# Properties	# Beds/Units	Investment (1)	% Investment
Assisted Living Facilities	154	10,372	\$ 758,975	66%
Nursing Homes	47	6,625	292,186	26%
Specialty Care Facilities	6	708	83,147	7%
Behavioral Care	2	294	7,408	1%
Real Estate Investments	209	17,999	\$ 1,141,716	100%
INVESTMENT BY OWNER TYPE	# Properties	# Beds/Units	Investment (1)	% Investment
Publicly Traded	73	4,408	\$ 272,537	24%
Key Private	91	8,919	665,919	58%
Privately Held	45	4,672	203,260	18%
Real Estate Investments	209	17,999	\$ 1,141,716	100%

NOTE: (1) REAL ESTATE INVESTMENTS INCLUDE GROSS REAL ESTATE INVESTMENTS AND CREDIT ENHANCEMENTS WHICH AMOUNTED TO \$1,129,771,000 AND \$11,945,000, RESPECTIVELY.

REVENUE COMPOSITION (\$000'S)

EXHIBIT 2

	Three Months Ended September 30, 2000		Nine Months Ended September 30, 2000	
REVENUE BY INVESTMENT TYPE				
Real Property	\$ 23,456	69%	\$ 69,925	68%
Loans Receivable & Other	9,846	29%	32,124	31%
Subdebt Investments	604	2%	1,127	1%
Total	\$ 33,906	100%	\$103,178	100%
REVENUE BY FACILITY TYPE				
Assisted Living Facilities	\$ 22,284	66%	\$ 69,478	67%
Nursing Homes	8,785	26%	25,254	25%
Specialty Care Facilities	2,837	8%	8,446	8%
Behavioral Care	0	0%	0	0%
Total	\$ 33,906	100%	\$103,178	100%

REVENUE BY OWNER TYPE

Publicly Traded	\$ 8,126	24%	\$ 23,948	23%
Key Private	20,665	61%	63,826	62%
Privately Held	5,115	15%	15,404	15%
Total	\$ 33,906	100%	\$103,178	100%

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REVENUE COMPOSITION (CONTINUED) (\$000'S)

EXHIBIT 3

OPERATING LEASE EXPIRATIONS & LOAN MATURITIES

Year	Current Lease Revenue (1)	Current Interest Revenue (1)	Interest and Lease Revenue	% of Total
2000	\$ 1,783	\$ 375	\$ 2,158	2%
2001	0	1,804	1,804	2%
2002	1,738	6,142	7,880	6%
2003	2,770	1,484	4,254	3%
2004	410	5,068	5,478	4%
Thereafter	83,980	22,922	106,902	83%
Total	\$ 90,681	\$ 37,795	\$ 128,476	100%

NOTES: (1) REVENUE IMPACT BY YEAR, ANNUALIZED

COMMITTED INVESTMENT BALANCES

EXHIBIT 4

(\$000'S EXCEPT INVESTMENT PER BED/UNIT)

	# Properties	# Beds/Units	Committed Balance (1)	Investment per Bed/Unit
Assisted Living Facilities	154	10,372	\$ 780,152	\$ 75,217
Nursing Homes	47	6,625	292,186	44,104
Specialty Care Facilities	6	708	83,147	117,439
Behavioral Care	2	294	7,409	25,201
Total	209	17,999	\$ 1,162,894	-na-

NOTES: (1) COMMITTED BALANCE INCLUDES REAL ESTATE INVESTMENTS, CREDIT ENHANCEMENTS AND UNFUNDED COMMITMENTS FOR WHICH INITIAL FUNDING HAD COMMENCED.

OPERATOR CONCENTRATION (\$000'S)

EXHIBIT 5

CONCENTRATION BY INVESTMENT

	# Properties	Investment	% Investment
Summerville Healthcare	12	\$ 144,831	13%
Life Care Centers of America, Inc.	13	87,214	8%
Alterra Healthcare	38	86,569	8%
Atria Senior Quarters	9	83,783	7%
Merrill Gardens	15	67,311	6%
Remaining Operators	122	672,008	58%
Total	209	\$ 1,141,716	100%

CONCENTRATION BY REVENUE

	# Properties	Revenue (1)	% Revenue
Summerville Healthcare	12	\$ 11,328	11%
Atria Senior Quarters	9	7,991	8%
Life Care Centers of America, Inc.	13	6,044	6%
Alterra Healthcare	38	7,823	8%
Merrill Gardens	15	4,739	5%
Remaining Operators	122	65,253	62%
Total	209	\$ 103,178	100%

NOTES: (1) NINE MONTHS ENDED SEPTEMBER 30, 2000

SELECTED FACILITY DATA

EXHIBIT 6

	Census	% Payor Mix		Coverage Data	
		Private	Medicare	Before Mgt. Fees	After Mgt. Fees
Nursing Homes	83%	24%	13%	1.90x	1.33x
Assisted Living Facilities	91%	100%	0%	1.35x	1.16x
Specialty Care Facilities	58%	17%	29%	1.99x	1.50x
Behavioral Care	53%	30%	70%	2.53x	1.24x
		Weighted Averages		1.66x	1.27x

NOTES: DATA AS OF JUNE 30, 2000

SECURITY DEPOSITS & OTHER CREDIT SUPPORT (\$000'S)

EXHIBIT 7

	Balance	% Investment	LEVERAGE & PERFORMANCE RATIOS	
Cross Defaulted	\$ 1,045,897	92%	of gross real estate investments	
Cross Collateralized	292,962	93%	of mortgage loans	
Bank Letters of Credit & Cash	30,548	3%	of investment balance	
CURRENT CAPITALIZATION (\$000'S)	Balance	% Balance		
Borrowings Under Bank Lines	\$ 118,850	10%	Debt/Total Book Cap	38%
Long-Term Debt Obligations	319,867	28%	Debt/Equity	62%
Shareholders' Equity	703,012	62%	Interest Coverage	3.59x 3rd Qtr. 3.46x L12M
Total Book Capitalization	\$ 1,141,729	100%	FFO Payout Ratio	87% 3rd Qtr. 85% L12M

DEBT MATURITIES AND PRINCIPAL PAYMENTS (\$000'S)

EXHIBIT 8

Year	Lines of Credit (1)	Senior Notes	Secured Debt	Total
2000	\$ 0	\$ 0	\$ 16	\$ 16
2001	200,000	10,000	67	210,067
2002	0	20,000	75	20,075
2003	0	35,000	84	35,084
2004	0	40,000	64,133	104,133
2005	0	0	492	492
2006	0	0	0	0
Thereafter	0	150,000	0	150,000
Total	\$ 200,000	\$ 255,000	\$ 64,867	\$ 519,867

NOTES: (1) LINES OF CREDIT REFLECT 100% CAPACITY

INVESTMENT ACTIVITY (\$000'S)

EXHIBIT 9

Three Months Ended
September 30, 2000Nine Months Ended
September 30, 2000

FUNDING BY INVESTMENT TYPE						
Real Property	\$	3,086	27%	\$	14,856	28%
Mortgage & Other Loans		0	0%		0	0%
Construction Advances		7,298	64%		27,833	52%
Direct Investments		1,071	9%		11,012	20%
<hr/>						
Total	\$	11,455	100%	\$	53,701	100%
REAL ESTATE INVESTMENTS						
Assisted Living Facilities	\$	8,491	74%	\$	44,002	82%
Nursing Homes		2,964	26%		9,699	18%
Behavioral Care		0	0%		0	0%
Specialty Care Facilities		0	0%		0	0%
<hr/>						
Total	\$	11,455	100%	\$	53,701	100%

GEOGRAPHIC CONCENTRATION (\$000'S)

EXHIBIT 10

CONCENTRATION BY REGION			
	# Properties	Investment	% Investment
South	119	\$ 556,542	49%
Northeast	31	258,314	23%
West	33	197,970	17%
Midwest	26	128,890	11%
<hr/>			
Total	209	\$ 1,141,716	100%
CONCENTRATION BY STATE			
	# Properties	Investment	% Investment
Texas	34	\$ 138,548	12%
Florida	28	138,327	12%
Massachusetts	14	113,251	10%
North Carolina	12	68,467	6%
New York	6	64,676	6%
Remaining States	127	618,447	54%
<hr/>			
Total	209	\$ 1,141,716	100%
REVENUE BY STATE			
	# Properties	Revenue (1)	% Revenue
Texas	34	\$ 14,765	14%
Florida	28	10,839	11%
Massachusetts	14	9,309	9%
North Carolina	12	6,728	7%
New York	6	5,403	5%
Remaining States	127	56,134	54%
<hr/>			
Total	209	\$ 103,178	100%

NOTES: (1) NINE MONTHS ENDED SEPTEMBER 30, 2000

FUNDS FROM OPERATIONS COMPUTATION (\$000'S)

EXHIBIT 11

	Three Months Ended September 30, 2000	Nine Months Ended September 30, 2000
Net Income Available to Common Shareholders	\$ 13,785	\$ 43,130
Add: Depreciation Expense	5,985	16,558
Loss on Sale of Assets	0	0
Asset Impairment Charges	0	0
Deduct: Gain on Sale of Assets	(555)	(1,072)
Prepayment Fees	(0)	(57)
<hr/>		
Funds From Operations (FFO)	\$ 19,215	\$ 58,559
Average Common Shares Outstanding:		
Basic	28,507	28,460
Diluted	28,650	28,603
FFO Per Common Share:		
Basic	\$.67	\$ 2.06
Diluted	\$.67	\$ 2.05