

FILED

ARTICLES OF MERGER 97 DEC 31 PM 1:42
OF
WEST MAGIC CARE CENTER, INC., SECRETARY OF STATE
ROYAL SUN WEST CARE CENTER, INC., STATE OF IDAHO
SUNNYRIDGE PROPERTIES, INC.,
HOLLY HILLS CARE CENTER, INC.,
GRANGEVILLE CARE CENTER, INC., AND
SQUAW PEAK CARE CENTER, INC.,
IDAHO CORPORATIONS,

INTO

CASSIA LONG TERM CARE, INC.
AN IDAHO CORPORATION

IN ACCORDANCE WITH IDAHO CODE § 30-1-1105

The undersigned A. KEITH HOLLOWAY, being the President of each of WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., SQUAW PEAK CARE CENTER, INC., and CASSIA LONG TERM CARE, INC., each an Idaho Corporation, does hereby certify as follows:

1. The plan of merger providing for the merger of WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., and SQUAW PEAK CARE CENTER, INC. into CASSIA LONG TERM CARE, INC., is set forth in the Agreement and Plan of Merger attached hereto as Exhibit A and incorporated herein by this reference.

2. As to each corporation, the plan of merger was adopted by a consent in writing of the holders of outstanding shares having not less than the minimum number of votes necessary to adopt such plan, as provided by the articles of incorporation of the respective corporations, and in accordance with § 30-1-1103 of the Idaho Business Corporation Act.

IDAHO SECRETARY OF STATE

12/31/1997 09:00
OX: 2927 CT: 44531 BH: 66723

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3. As to each corporation, the number of shares outstanding on the day hereof is as follows:

NAME OF CORPORATION:	NO. OF SHARES:	CLASS:
WEST MAGIC CARE CENTER, INC.	1,000	COMMON
ROYAL SUN WEST CARE CENTER, INC.	1,000	COMMON
SUNNYRIDGE PROPERTIES, INC.	5,000	COMMON
HOLLY HILLS CARE CENTER, INC.	400	COMMON
GRANGEVILLE CARE CENTER, INC.	1,000	COMMON
SQUAW PEAK CARE CENTER, INC.	15,000	COMMON
CASSIA LONG TERM CARE, INC.	1,000	COMMON

4. As to each corporation, the number of shares voted for and against such Plan of Merger is as follows:

NAME OF CORPORATION:	VOTED FOR:	VOTED AGAINST:
WEST MAGIC CARE CENTER, INC.	1,000	0
ROYAL SUN WEST CARE CENTER, INC.	1,000	0
SUNNYRIDGE PROPERTIES, INC.	5,000	0
HOLLY HILLS CARE CENTER, INC.	400	0
GRANGEVILLE CARE CENTER, INC.	1,000	0
SQUAW PEAK CARE CENTER, INC.	15,000	0
CASSIA LONG TERM CARE, INC.	1,000	0

IN WITNESS WHEREOF, the parties hereto have caused these Articles of Merger to be duly executed as of the thirty-first day of December, 1997.

WEST MAGIC CARE CENTER, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

ROYAL SUN WEST CARE CENTER, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

SUNNYRIDGE PROPERTIES, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

HOLLY HILLS CARE CENTER, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

GRANGEVILLE CARE CENTER, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

SQUAW PEAK CARE CENTER, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

CASSIA LONG TERM CARE, INC.

BY: A. Keith Holloway
A. KEITH HOLLOWAY, PRESIDENT

EXHIBIT A

**AGREEMENT AND PLAN OF MERGER
OF
WEST MAGIC CARE CENTER, INC.,
ROYAL SUN WEST CARE CENTER, INC.,
SUNNYRIDGE PROPERTIES, INC.,
HOLLY HILLS CARE CENTER, INC.,
GRANGEVILLE CARE CENTER, INC., AND
SQUAW PEAK CARE CENTER, INC.,
IDAHO CORPORATIONS,**

INTO

**CASSIA LONG TERM CARE, INC.
AN IDAHO CORPORATION**

* * * * *

THIS AGREEMENT AND PLAN OF MERGER is made and entered into effective the thirty-first day of December, 1997, by and between WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., SQUAW PEAK CARE CENTER, INC., and CASSIA LONG TERM CARE, INC. (collectively, the "Constituent Corporations").

WITNESSETH

WHEREAS, each of the Constituent Corporations has, subject to approval by their respective shareholders, adopted the plan of merger set forth in this Agreement, and the Constituent Corporations and their respective boards of directors deem it advisable and in the best interest of each of the Constituent Corporations that WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., and SQUAW PEAK CARE CENTER, INC. be merged with and into CASSIA LONG TERM CARE, INC. pursuant to the applicable corporation laws of the State of Idaho and Section 368 of the Internal Revenue Code of 1986 (the "Merger");

NOW, THEREFORE, the Constituent Corporations do hereby agree to merge on the terms and conditions herein provided as follows:

1. MERGER.

(a) **GOVERNING LAW.** WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., and SQUAW PEAK CARE CENTER, INC. will be merged into

CASSIA LONG TERM CARE, INC. in accordance with the applicable laws of the State of Idaho. CASSIA LONG TERM CARE, INC. shall be the surviving corporation (the "SURVIVING CORPORATION") and shall be governed by the laws of the State of Idaho.

(b) **EFFECTIVE DATE.** The "Effective Date" of the Merger shall be, and such term as used herein shall mean, the later of December 31, 1997 or the issuance of a Certificate of Merger by the Idaho Secretary of State.

2. **SHARES OF MERGING CORPORATIONS.** On the Effective Date, each share of common stock of WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., and SQUAW PEAK CARE CENTER, INC. issued and outstanding immediately prior to the merger shall be converted into shares of CASSIA LONG TERM CARE, INC.; provided, however, that because the Shareholders of the Constituent Corporations own the identical percentage of shares in each of the Constituent Corporations, no further shares of CASSIA LONG TERM CARE, INC., shall be issued to the Shareholders in consideration of the cancellation of their WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., and SQUAW PEAK CARE CENTER, INC. shares.

3. **EFFECT OF THE MERGER.**

(a) **RIGHTS, PRIVILEGES AND OBLIGATIONS.** On the Effective Date, the Surviving Corporation, without further act, deed or other transfer, shall retain or succeed to, as the case may be, and possess and be vested with all of the rights, privileges, immunities, powers, franchises and authority, of a public as well as of a private nature, of the Constituent Corporations; all property of every description and every interest therein and all debts and other obligations of or belonging to or due to the Constituent Corporations on whatever account shall thereafter be taken and deemed to be held by or transferred to, as the case may be, or vested in the surviving corporation without further act or deed; title to any real estate, or any interest therein, vested in the Constituent Corporations shall not revert or in any way be impaired by reason of the Merger; and all of the rights of creditors of the Constituent Corporations shall be preserved unimpaired, and all liens upon the property of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the Constituent Corporations shall thenceforth remain with or attach to, as the case may be, the Surviving Corporation and may be enforced against it to the same extent as if all of said debts, liabilities, obligations and duties had been incurred or contracted by the Surviving Corporation.

(b) **ARTICLES OF INCORPORATION AND BYLAWS.** The Articles of Incorporation and Bylaws of CASSIA LONG TERM CARE, INC. in effect on the Effective Date shall, from and after the Effective Date, be and continue to be the Articles of Incorporation and Bylaws of the Surviving Corporation unless and until changed as therein provided.

(c) **DIRECTORS AND OFFICERS.** The directors and officers of CASSIA LONG TERM CARE, INC. shall be the directors and officers of the Surviving Corporation on the Effective Date, and such directors and officers shall serve until they are removed or replaced in accordance

with the Articles of Incorporation and Bylaws of CASSIA LONG TERM CARE, INC.

(d) **FURTHER ACTION.** From time to time, as and when requested by the Surviving Corporation, or by its successors or assigns, any party hereto shall execute and deliver or cause to be executed and delivered all such deeds and other instruments, and shall take or cause to be taken all such further or other actions, as the Surviving Corporation, or its successors or assigns, may deem necessary or desirable in order to vest in or confirm to the Surviving corporation, and its successors or assigns, title to and possession of all the property, rights, privileges, powers and franchises referred to herein and otherwise to carry out the intent and purposes of this Agreement.

4. **TERMINATION; AMENDMENT.**

(a) **TERMINATION PROVISION.** Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and the Merger abandoned upon written notice at any time prior to the Effective Date:

(i) By mutual consent of the Constituent Corporations; or

(ii) If there exists a suit, action or other proceeding commenced, pending or threatened, before any court or other governmental agency of the federal or state government, in which it is sought to restrain, prohibit or otherwise adversely affect the consummation of the Merger.

(b) **AMENDMENT PROVISIONS.** Anything contained in this Agreement notwithstanding, this Agreement may be amended or modified in writing at any time prior to the Effective Date, provided that an amendment made subsequent to the adoption of this Agreement by the shareholders of the Constituent Corporations shall not (i) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of the Constituent Corporations, (ii) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger, or (iii) alter or change any of the terms and conditions of this Agreement is such alteration or change would adversely affect the holders of any class or series thereof of the Constituent Corporations. Subject of the immediately foregoing sentence, the Constituent Corporations may by agreement in writing extend the time for performance of, or waive compliance with, the conditions or agreements set forth herein.

(c) **BOARD ACTION.** In exercising their rights under this Section 4, each of the Constituent Corporations may act by its Board of Directors, and such rights may be so exercised, notwithstanding the prior approval of this Agreement by the shareholders of the Constituent Corporations.

IN WITNESS WHEREOF, this Agreement, having first been duly approved by resolution of the Board of Directors of each of the Constituent Corporations, is hereby executed on behalf of each of the Constituent Corporations by their respective officers thereunto duly authorized.

WEST MAGIC CARE CENTER, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

ROYAL SUN WEST CARE CENTER, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

SUNNYRIDGE PROPERTIES, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

HOLLY HILLS CARE CENTER, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

GRANGEVILLE CARE CENTER, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

SQUAW PEAK CARE CENTER, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

CASSIA LONG TERM CARE, INC.

BY: _____
A. KEITH HOLLOWAY, PRESIDENT

ATTEST:

DELTA B. HOLLOWAY, Secretary

STATE OF IDAHO)
 SS.
COUNTY OF ADA)

On this thirty-first day of December, 1997, before me, the undersigned Notary Public in and for said State, personally appeared A. KEITH HOLLOWAY and DELTA B. HOLLOWAY, known or identified to me to be the President and Secretary, respectively, of each of WEST MAGIC CARE CENTER, INC., ROYAL SUN WEST CARE CENTER, INC., SUNNYRIDGE PROPERTIES, INC., HOLLY HILLS CARE CENTER, INC., GRANGEVILLE CARE CENTER, INC., SQUAW PEAK CARE CENTER, INC., and CASSIA LONG TERM CARE, INC., the within named Idaho corporations that executed the foregoing instrument, and acknowledged to me that they were authorized to execute said instrument for and in behalf of such corporation, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARY PUBLIC, State of Idaho
Residing at Nampa, Idaho
My commission expires: November 13, 2001