

12.10 *Transfer Tax Exemption.* To the extent that the issuance of a security under the Plan falls within the exception of Bankruptcy Code section 1146(a), no stamp or similar tax is payable upon a transfer of such a security. Pursuant to section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under a plan of reorganization, which is ultimately confirmed, is not taxable under any law imposing a stamp or similar tax. Moreover, any transfer of assets from a Debtor to a Reorganized Debtor, Acquisition Company, Redwood, or any other entity (including the contemplated transfer of real property by the mezzanine lenders, the disposition of the Littleton Out-Parcel and the transfer or other disposition of the property securing the UMBC Building Construction Loan Claims pursuant to the Plan) in accordance with, in contemplation of, or in connection with the Plan or the Definitive Agreement, including the transfer of assets pursuant to the Restructuring Transactions, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local government officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment pursuant to section 1146(a) of the Bankruptcy Code.

12.11 *Section 1145 Exemption.* To the extent that any issuance of interests under this Plan is considered an offer or sale of a security within the meaning of section 1145 of the Bankruptcy Code, the issuance shall be exempt from registration under the Securities Act.

12.12 *Plan Supplement.* A draft form of the Plan Documents to be entered into as of the Effective Date and any other appropriate documents shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court by no later than five (5) Business Days prior to the Plan Confirmation Hearing. Upon the filing of the Plan Supplement, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during the Court's regular business hours. Documents to be included in the Plan Supplement will be posted at <http://www.bmcgroup.com/ERC> as they become available, but no later than five (5) Business Days prior to the Plan Confirmation Hearing.

12.13 *Cancellation of STAMPS and STAMPS Indenture.* On the Effective Date, (1) the STAMPS and the STAMPS Indenture shall be deemed automatically extinguished, cancelled and of no further force or effect and the STAMPS Indenture Trustee and the Reorganized Debtors shall not have any continuing obligations thereunder, and (2) the obligations of the STAMPS Indenture Trustee and the Debtors pursuant, relating or pertaining to the STAMPS Indenture shall be automatically released and discharged; provided, however, that notwithstanding confirmation of the Plan, the STAMPS and STAMPS Indenture shall continue in effect solely for purposes of (a) allowing holders of the STAMPS to receive distributions under the Plan; (b) allowing a Disbursing Agent to make distributions on account of the STAMPS; (c) permitting the STAMPS Indenture Trustee to maintain any rights and liens it may have against property other than the Reorganized Debtors' property for fees, costs, and expenses pursuant to the STAMPS Indenture; and (d) allowing any holders of the STAMPS who have voted against the Plan or opted-out of the releases in the Plan to prosecute and/or defend any matter, action or proceeding with respect to any and all rights and claims they may have thereunder, including, without limitation, any rights and/or claims arising from, related to, or in connection with the issuance of the STAMPS, until such time as all such rights and/or claims have been resolved by a Final Order of a court of competent jurisdiction and any obligations thereunder are satisfied.

12.14 *Preservation of STAMPS Indenture Trustee's Charging Lien.* Notwithstanding any other provision of the Plan to the contrary, the charging lien of the STAMPS Indenture Trustee shall survive confirmation of the Plan and the Effective Date to the extent the STAMPS Indenture Trustee's fees and expenses, including the fees and expenses of its counsel, are

not paid. For the avoidance of doubt, the STAMPS Indenture Trustee's fees and expenses, to the extent set forth in Section 6.4.9(g), will be paid by the Trustee directly to the STAMPS Indenture Trustee.

SECTION 13. RETENTION OF JURISDICTION

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) to hear and determine motions and/or applications for the assumption or rejection of executory contracts or unexpired leases and the allowance, classification, priority, compromise, estimation, or payment of Claims resulting therefrom;

(b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Plan Confirmation Date;

(c) to ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;

(d) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

(e) to enter, implement, or enforce such orders as may be appropriate in the event the Plan Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Plan Confirmation Order, or any other order of the Bankruptcy Court;

(g) to hear and determine any application to modify the Plan in accordance with applicable provisions of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement for the Plan, or any order of the Bankruptcy Court, including the Plan Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) to hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Plan Confirmation Date;

(i) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Plan Confirmation Order, any transactions or payments contemplated hereby or under the Definitive Agreement, or any agreement, instrument, or other document governing or relating to any of the foregoing;

(j) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

penalty relating to a tax, or any addition to a tax in accordance with section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date through the Effective Date. To the extent that any tax obligations of a Landowner Debtor are abated or refunded, all such abatements, refunds and recoveries (less the reasonable costs and expenses of recovery, including attorneys' fees and expenses) shall be disbursed to the respective Agent for the Construction Lenders to such Landowner Debtor (and in the case of Dallas, the holder of the Texas A&M Note Claim), for distribution to the Construction Lenders in accordance with their respective construction loan documents. To the extent that any tax obligations of Erickson Group are abated or refunded, all such abatements, refunds and recoveries (less the reasonable costs and expenses of recovery, including attorneys' fees and expenses) shall be distributed, pro rata, to holders of Erickson Group Guaranty Claims.

14.6 *Amendments.*

14.6.1 *Modifications to Plan and Plan Supplement.* The Plan and/or Plan Supplement may be amended, modified, or supplemented by the Debtors or the Reorganized Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, subject to the terms of the Definitive Agreement and subject to Redwood's prior consent, which consent shall be in Redwood's sole and absolute discretion. In addition, after the Plan Confirmation Date and subject to the terms of the Definitive Agreement, the Debtors or the Reorganized Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Supplement, or the Plan Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan subject to Redwood's prior consent, which consent shall be in Redwood's sole and absolute discretion.

14.6.2 *Other Amendments.* Subject to the terms of the Definitive Agreement, and further subject to Redwood's prior consent, which consent shall be in Redwood's sole and absolute discretion, the Debtors may make appropriate technical adjustments and modifications to the Plan or Plan Supplement prior to the Effective Date without further order or approval of the Bankruptcy Court.

14.7 *Effectuating Documents and Further Transactions.* Each of the officers of the Reorganized Debtors is authorized, in accordance with his or her authority under the resolutions of the applicable board of directors or members, to execute, deliver, file, or record such contracts, instruments, certificates, deeds, bills of sale, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

14.8 *Corporate Action.* On the Effective Date, all matters provided in this Plan that would otherwise require approval of the equity holders, directors, managers, and/or members of one or more of the Debtors or Reorganized Debtors, including, without limitation, the election or appointment of managers, directors and officers of the Reorganized Debtors pursuant to the Plan, and amendments of the Debtors' organizational documents will be deemed to have occurred and will be in effect from and after the Effective Date pursuant to applicable general business organizations law of the state in which the Debtors or Reorganized Debtors are organized, without any requirement of further action by the equity holders, directors, managers, and/or members of the Debtors or Reorganized Debtors.

14.9 *Revocation or Withdrawal of the Plan.* Subject to the terms of the Definitive Agreement and subject to Redwood's prior consent, which consent shall be in Redwood's sole and absolute discretion, the Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date. Any such action may only be taken if it is in the exercise of the Debtors' fiduciary duty to their creditors. If the Debtors take such action, the Plan shall be deemed null and void. In such event, nothing

EXHIBITS TO THE PLAN

Exhibit A Definitive Agreement

Exhibit B TIP

Exhibit C Redwood Retained Employees

Exhibit D Warminster Term Sheet

Exhibit E New Management Agreement

Exhibit F Bank Accounts Included in Purchased Assets

Exhibit B

TIP

TIP¹³

<u>(In thousands)</u>	<u>Payments</u>
<u>PNC Claim Secured by Corporate Headquarters</u>	<u>\$ 1,203</u>
<u>Dallas Construction Loan Payment</u>	<u>2,000</u>
<u>Kansas Construction Loan Payment</u>	<u>4,347</u>
<u>Littleton Junior Loan Payment</u>	<u>1,000</u>
<u>Warminster Junior Loan Payment</u>	<u>8,200</u>
<u>Trust Cash¹⁴ 2,500</u>	
<u>Strategic Ashby Ponds Lender, LLC and</u>	
<u>Strategic Concord Landhold, LP</u>	<u>1,000</u>
<u>Unsecured Creditors committee Processional Fees</u>	<u>500</u>
<u>Total TIP</u>	<u>\$20,572</u>

¹³ See in addition Section 11.1(i) of the Plan

¹⁴ As defined in the Disclosure Statement

Exhibit D

Warninster Term Sheet

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**Terms for Warminster Campus and Ann's Choice Early Exercise of Option and
Modification of Related Documents**

The terms set forth in this Exhibit __ are intended to outline the early exercise of the purchase option contained in the Amended and Restated Purchase Option Agreement dated December 1, 2005 (the "Purchase Option Agreement") among Erickson Retirement Communities, LLC, Ann's Choice, Inc. ("Ann's Choice") and Warminster Campus, L.P. ("Warminster Campus"). Capitalized terms used and not defined herein have the meaning given such terms in the Trust Indenture dated December 1, 2005 (the "Indenture") between Bucks County Industrial Development Authority and Wells Fargo Bank, National Association, as successor trustee (the "Trustee").

1. Net rent under the Master Lease for 2010 shall be paid from and after the Effective Date at a rate of \$2,068,308 per annum.

2. Ann's Choice will exercise the purchase option with respect to the Facility and Facility Site no later than December 31, 2010.

3. A development agreement will be executed by and between Ann's Choice and Warminster Campus, with the consent of the Trustee, granting to Warminster Campus the right to develop Neighborhood Four for a period of 10 years on terms to be negotiated between Ann's Choice and Warminster Campus, consistent with the terms herein and the Bond Documents; provided that either the Trustee, or Ann's Choice, with the consent of the Trustee, may terminate the development agreement without penalty if (i) construction on Neighborhood Four has not commenced by May 1, 2013 or (ii) at any future point there is no ongoing construction on Neighborhood Four for a period of two consecutive years. Without limiting the foregoing, the development of any building in Neighborhood Four after residential building 4.1 will require that prior to the commencement of construction for such building at least 50% of the planned units for such building have been reserved with refundable \$1,000 deposits (except that residential building 4.2 will require such deposits for 70% of the planned units), unless any such percentage requirement is waived by the Trustee in writing. Initial Entrance Deposits from Neighborhood Four will be deposited with the Trustee pursuant to Section 4.04 of the Indenture and after application of the flow of funds provisions of Section 4.04 (a), shall not be paid to Ann's Choice but rather shall be paid, so long as there is no monetary default or material default by Redwood-ERC Senior Living Holdings, LLC, Redwood-ERC Development, LLC, Redwood-ERC Properties, LLC, Warminster Campus, or any affiliates or subsidiaries thereof ("Redwood") under any agreement related to the Ann's Choice Campus to which Redwood is a party other than the management agreement (the "Redwood Documents"), as partial consideration for sale of the Facility to Warminster Campus in accordance with the development agreement, free and clear of the lien of the Indenture and Bond Documents. In the event of a monetary default by Redwood under the Redwood Documents, the Trustee may retain Initial Entrance Deposits only up to the amount of such monetary default and in the case of such monetary or other material default, upon fifteen days prior notice to Redwood, the Trustee may apply the amount so retained to cure such default. If the development agreement is terminated as provided herein, Redwood's right to receive Initial Entrance Deposits from Neighborhood Four shall be limited to Initial

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Entrance Deposits from buildings substantially completed as of the date of such termination. A development fee equal to 5% of Initial Entrance Deposits from Neighborhood Four will be deposited into the Development Fee Account under the Indenture. The Trustee will release the portion of the amounts on deposit in the Development Fee Account allocable to a particular building directly to Warminster Campus upon receipt of a certification from Warminster Campus and Ann's Choice that such building is at least 90% occupied and an Independent Construction Consultant has delivered a Reasonableness Determination with respect to all buildings then currently under construction. In exchange for the release of the membership interests described in paragraph 12, Ann's Choice will collaterally assign the development agreement to the Trustee and Warminster Campus shall acknowledge and agree to such assignment.

4. In connection with development of Neighborhood Four, as a condition to any right to receive the Initial Entrance Deposits from each Phase thereof, Redwood will provide a completion guaranty on substantially the same terms as the current Erickson completion guaranty, providing for substantial completion within 18 months of the commencement of such Phase of construction (as defined in such completion guaranty). RB 4.2 and the community building for Neighborhood Four shall be treated as a single Phase as defined in and for purposes of the completion guaranty.

5. Commencing on the Effective Date, Initial Entrance Deposits from the first three neighborhoods available to be loaned as a Community Loan (net of marketing costs) shall be escrowed in an amount not to exceed \$10 million ("Escrow") and applied as set forth in this paragraph. Prior to the Closing (as defined in the Purchase Option Agreement), the Facility and the Facility Site will be appraised. To the extent that the appraised going concern value of the Facility and the Facility Site, as is, is at least \$75 million, Warminster Campus will not have any refund obligations to Ann's Choice under the Purchase Option Agreement and all remaining Initial Entrance Deposits collected from the first three neighborhoods shall be paid in accordance with the terms of paragraph 7 to Warminster Campus as partial consideration for sale of the Facility and the Facility Site. To the extent that the appraised going concern value, as is, is less than \$75 million, Warminster Campus will be obligated to refund on the date of Closing the portion of purchase price under the Purchase Option Agreement equal to such shortfall, up to a maximum of \$10 million (capped at Initial Entrance Deposits from the first three neighborhoods net of marketing costs payable to Warminster Campus). Notwithstanding the preceding sentence, the due date of such refund will be delayed to the earlier to occur of (i) receipt of a final certificate of occupancy issued by the appropriate governmental authorities for the last building of Neighborhood Four that will be built, as mutually determined by Warminster Campus and Ann's Choice, or (ii) the expiration or termination of the development period if (x) the Trustee receives an opinion as described in Paragraph 13 with respect to such delay and (y) Redwood delivers to the Trustee a guaranty for refund amount, which guaranty will be collateralized by a letter of credit or the escrow of Initial Entrance Deposits from the first three neighborhoods referenced above, on terms acceptable to the Trustee. If payment of the refund is delayed pursuant to the preceding sentence, the property shall be re-appraised at a time determined by Redwood. If the going concern value as shown in such reappraisal is less than \$75 million, then Warminster Campus will refund a portion of the purchase price in the amount of such shortfall, up to a maximum of \$10 million (capped at Initial Entrance Deposits from the first three neighborhoods net of marketing costs payable to Warminster Campus). Amounts on

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deposit in the Escrow not applied to such refund will be disbursed to Warminster Campus. Any refund paid (including from the Escrow) shall be deposited with the Trustee in the Redemption Account and applied to first redeem the Series B Bonds and second to redeem the Series A Bonds, by optional redemption on the next available date, unless otherwise agreed to by the Trustee.

6. The amounts on deposit in the Operating Reserve Fund will not be disbursed to Warminster Campus in connection with the exercise of the purchase option but will be disbursed after such date as partial consideration for the sale of the Facility and Facility Site if, as of any Remaining Liquidity Testing Date, Ann's Choice has (a) achieved a Debt Service Coverage Ratio of at least 1.20 and (b) has 180 Days Cash on Hand (assuming the disbursement of the Operating Reserve Fund), in each case as of such Remaining Liquidity Testing Date, as further described in paragraph 11. Notwithstanding the foregoing, if Warminster Campus (i) has not commenced construction of Neighborhood Four by May 1, 2013, (ii) provides notice to Ann's Choice and the Trustee that it is terminating the development agreement, and (iii) is not in default under any agreements relating to Ann's Choice, then, so long as there is no Event of Default under any Bond Document, the Operating Reserve Fund shall be disbursed to Warminster Campus within 90 days after delivery by Warminster Campus of notice of termination of the development agreement to Ann's Choice, so long as and only to the extent that following such release Ann's Choice has 90 Days Cash on Hand.

7. Commencing on the Effective Date, Redwood and Ann's Choice will implement their agreed upon policy regarding the modified accounting treatment of Initial Entrance Deposits for internal transfers from an independent living unit to an initially occupied Renaissance Garden unit. After the Closing, Initial Entrance Deposits with respect to existing inventory and with respect to Neighborhood Four will continue to be deposited with the Trustee and applied as set forth in the Indenture. After passing through the flow of funds set forth in the Indenture, such Initial Entrance Deposits (not otherwise required to be escrowed pursuant to paragraph 5) will, so long as there is no monetary default or material default by Redwood under the Redwood Documents, be paid directly to Warminster Campus, as partial consideration for the sale of the Facility and Facility Site, free and clear of all liens created by the Indenture, the Mortgage and the other Bond Documents. In the event of a monetary default, the Trustee may retain Initial Entrance Deposits only up to the amount of such monetary default and in the case of monetary or other material default, upon fifteen days prior notice to Redwood, the Trustee may apply the amount so retained to cure such default. After Closing, debt service on the Bonds will be paid in the first instance from available operating revenues of Ann's Choice.

8. After the Closing, the amount of any Initial Entrance Deposits required by the Indenture to be diverted to the Debt Service Reserve Fund or disbursed from the Operating Reserve Fund to any party other than Warminster Campus shall be repaid by Ann's Choice to Warminster Campus, with interest at the rate set forth in the Working Capital Loan Agreement in effect at the original issue of the Ann's Choice Bonds, and with other terms parallel to the terms of such Working Capital Loan Agreement, including but not limited to subordination pursuant to the Warminster Subordination Agreement; except to the extent that such diversion is the result of a material default by Redwood under the Redwood Documents. Any payments of principal under this paragraph 8 will be made on a Remaining Liquidity Testing Date, subject to

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satisfaction of the Payment Test and meeting the Liquidity Covenant after taking into account such payment. Interest on diverted amounts may be paid at any time such payment is permitted under the Warminster Subordination Agreement.

9. The Trustee, acting at the direction that it has received from the holders of a majority in aggregate principal amount of the Ann's Choice Bonds, will consent to an amendment to the Loan Agreement to be effective on the Effective Date of the Plan deferring the \$7 million Series B Bond redemption required by Section 8.22 of the Loan Agreement in connection with the exercise of the purchase option subject to performance by all other parties of the matters set forth in this Exhibit ___. Such redemption will be deferred and will be payable upon Series B Bond maturity, unless such Bonds are otherwise redeemed pursuant to paragraph 5 above. The Trustee will receive in connection with such amendment the opinions and other documents and consents that are required by the Bond Documents. Ann's Choice and the Trustee will also amend the Loan Agreement as of such Effective Date to provide for the delivery of monthly reports as described in Section 8.08(d) after the Closing. Delivery of such amendment of the Loan Agreement is a condition precedent to Ann's Choice and Redwood's obligations under this Exhibit.

10. Warminster Campus will reinstate the Working Capital Loan Agreement on its current terms, subject to the provisions of this Exhibit ___, including that Warminster Campus' obligation to make revolving loans shall be capped at \$5,000,000. Initial Entrance Deposits diverted to the Debt Service Reserve Fund or used for operating expenses as described in paragraph 8 shall not count against the \$5 million limit. Loan advances under the Working Capital Loan Agreement shall be used solely for valid operating expenditures for the operation of the Facility (including principal of and interest on Bonds), and shall not be used to achieve compliance with the Liquidity Covenant or to replenish reserves required to be maintained under the Indenture and the Loan Agreement. Principal due under the Working Capital Note will be paid on each Remaining Liquidity Testing Date, but only if the Payment Test is satisfied. Interest on the Working Capital Note may be paid at any time such payment is permitted under the Warminster Subordination Agreement.

11. "Payment Test" for purposes of this Exhibit ___ means as of any Remaining Liquidity Testing Date that (a) Ann's Choice has achieved a Debt Service Coverage Ratio of at least 1.20 for the twelve month period ending on such Remaining Liquidity Testing Date, (b) following the payment, Ann's Choice has 90 Days Cash on Hand as of such Remaining Liquidity Testing Date and (c) payment is permitted by the Warminster Subordination Agreement. For purposes of the Payment Test and any release of the Operating Reserve Fund, (a) Days Cash on Hand will be as defined in the Indenture, will exclude all funds held by the Trustee, will not include availability on any Indebtedness, including the Working Capital Loan, and will otherwise be calculated as set forth in the Bond Documents and (b) the Debt Service Coverage Ratio as of a Remaining Liquidity Testing Date will be calculated based on the twelve month period ending with such Remaining Liquidity Testing Date.

12. The pledge of membership interest in Warminster Campus will be released by the Trustee, after release of the pledge in such membership interests in favor of HCP, upon execution of a development agreement satisfying the requirements of this Exhibit and the

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inclusion in the Mortgage of a cross default in the event that Redwood does not own 100% of the membership interest in Warminster Campus at any time prior to the Closing Date.

13. The new management agreement for Ann's Choice (the "Management Agreement") will be in the form of Attachment A. Prior to the execution of any management agreement, Ann's Choice will deliver to the Trustee an opinion of Bond Counsel to the effect that the execution and performance of the Management Agreement will not adversely impact the exclusion from gross income of the holders of interest on the Bonds. Any modification or amendment of the Management Agreement and any new management agreement will be subject to the approval of the Trustee and delivery to the Trustee of the Bond Counsel opinion described in the preceding sentence.

14. The Trustee and the bondholders will receive an opinion of Bond Counsel to the effect that the execution, delivery and performance of the modifications to the documents made to effectuate this document will not adversely impact the tax exemption of the Bonds and an opinion from counsel to the Borrower with respect to the 501(c)(3) status of Ann's Choice, each in form and from a firm acceptable to the Trustee.

15. Unless otherwise expressly modified herein, all Bond Documents (including without limitation, the Indenture, the Loan Agreement, and the Mortgage), the Working Capital Loan Agreement, the Community Loan and the Master Lease will remain in full force and effect, without modification, except as expressly consented to by the Trustee in writing.

16. The performance by Ann's Choice, Redwood and the Trustee of actions hereunder shall be mutually conditioned on the occurrence of the actions, conditions, and events, and performance by other parties, as set forth herein.

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Attachment A – Form of Management Agreement

Exhibit E

New Management Agreement

DRAFT 4/8/2010

ANN'S CHOICE

MANAGEMENT AND MARKETING AGREEMENT

THIS MANAGEMENT AND MARKETING AGREEMENT (this "Agreement") is effective as of the ____ day of _____, 2010, between ANN'S CHOICE, INC., a Maryland nonstock corporation ("NFP"), and REDWOOD-ERC MANAGEMENT, LLC, a Maryland limited liability company having offices at 701 Maiden Choice Lane, Catonsville, Maryland 21228 ("Manager").

RECITALS

WHEREAS, NFP is leasing certain property and improvements located in Warminster, Pennsylvania (the "Premises"), pursuant to a Master Lease and Use Agreement between Warminster Campus, LP ("Owner") and NFP dated June 3, 2002, as amended by Amendment dated January 1, 2003, Second Amendment dated June 2, 2003, Third Amendment dated February 13, 2004, Fourth Amendment dated December 1, 2005 and Fifth Amendment of even date herewith, as it may be amended from time to time hereafter (together with all amendments thereto, the "Master Lease"). NFP operates on the Premises a continuing care retirement community known as Ann's Choice (the "Community").

WHEREAS, pursuant to that certain Management and Marketing Agreement dated as of February 12, 2009, as amended (the "Erickson Management Agreement"), NFP engaged Erickson Retirement Communities, LLC, a Maryland limited liability company ("Erickson"), to provide certain management and marketing services for the Community.

WHEREAS, on October 19, 2009, Erickson and certain of its affiliates filed voluntary bankruptcy actions under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, styled as *In re: Erickson Retirement Communities, LLC, et al.*, case number 09-37010 (SGJ).

WHEREAS, Manager and certain of its affiliates purchased substantially all of the assets of Erickson, and assumed certain liabilities of Erickson, pursuant to the Second Amended and Restated Master Purchase and Sale Agreement dated as of February 16, 2010 (the "Purchase Agreement") among Redwood-ERC Senior Living Holdings, LLC, Redwood-ERC Management, LLC, Redwood-ERC Properties, LLC, Redwood-ERC Concord, L.P., Redwood-ERC Dallas, LLC, Redwood-ERC Houston, LLC, Redwood-ERC Ashburn, LLC, Redwood-ERC Littleton, LLC, Redwood-ERC Novi, LLC, Redwood-ERC Kansas, LLC, Redwood-ERC Tinton Falls II, LLC, Redwood-ERC Senior Care, LLC, Erickson Retirement Communities, LLC, Erickson Group, LLC, Concord Campus, L.P., Dallas Campus, LP, Houston Campus, L.P., Ashburn Campus, LLC, Littleton Campus, LLC, Novi Campus, LLC, Kansas Campus, LLC, Tinton Falls Campus II, LLC, Senior Campus Care, LLC and Erickson Construction, LLC, as amended.

WHEREAS, NFP is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

WHEREAS, NFP wishes to engage Manager to provide management and marketing services for the Community. Specifically, NFP desires that the Community be operated and marketed as an "Erickson" branded continuing care retirement community, consistent with the management, operations, and programs of the other continuing care retirement communities previously managed by Erickson and to be managed by Manager.

NOW THEREFORE, in consideration of the premises, the mutual promises herein contained and other good and valuable consideration, the adequacy and sufficiency of which are acknowledged by the parties hereto, NFP and Manager agree as follows:

1. DEFINITIONS

Affiliated Service Providers – As defined in Section 8.6.2.

Applicable Standards - All laws, rules, regulations, orders, ordinances, rules, regulations or requirements of any applicable governmental or quasi-governmental authority having jurisdiction over the Community or the Premises, including, without limitation, those which are applicable to the operation of the Community as a continuing care retirement community, including all residential, medical, nursing, recreational, commercial and other uses incidental thereto, as well as all applicable contractual obligations.

Approval – As defined in Section 3.2.2.

Assisted Living Unit - A room accommodation for a Resident who is unable to perform normal functions necessary to live in an Independent Living Unit, but who needs a lesser degree of medical care, personal care and service than is provided in the Nursing Units.

Bond Documents means and includes (without limitation) the bonds, the Trust Indenture, the loan agreement, the mortgage and any and all other documents which Bucks County Industrial Development Authority, the NFP, or any other party or parties or their representatives have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Bucks County Industrial Development Authority's obligation or the NFP's Bond Obligations (as defined in the Trust Indenture), or any part thereof, or in connection therewith, together with any and all supplements thereto.

Budget – Means both the Operating Budget and Capital Budget to be prepared by Manager pursuant to Section 5.1 and approved by NFP.

Budget Policy - The budget policy adopted by NFP at the [_____], 2010 meeting of its board of directors as such budget policy may be amended from time to time by the NFP Board, which Budget Policy shall include a definition of EBITDAR mutually agreed upon by Manager and NFP.

Capital Budget – An annual budget setting out all Capital Expenditures for the Community for the projected twelve month period.

Capital Expenditures - Amounts necessary annually to fund the upkeep, maintenance, rehabilitation and replacement of furniture, fixtures, facilities and equipment in excess of \$25,000 per expenditure or project with a useful life exceeding 24 months, including those expenditures that are required to maintain the Community in its excellent physical condition and to upgrade facilities to meet new standards. This includes (a) the amount annually required to continue the practice called "Life-Cycle Renovations," which is designed to schedule major renovations and capital improvements over the estimated life cycle of the Community in accordance with contemporary standards in the competitive market, and (b) the amount annually required to fund reserves for renovations relating to the less predictable need to modernize Community facilities to meet continuing shifts in new Resident expectations and competitive market conditions. Unless Manager and NFP mutually agree otherwise, to provide for the reserves contemplated by clause (b) of the preceding sentence, an amount equal to two percent (2 %) of the "aggregate asset value" of the Community at build-out shall be set aside annually for enhancement of Community assets (leasehold improvements) in order to ensure their continued attractiveness and sustainability in the competitive market. Amounts expended for similar expenditure categories that are below \$25,000 per expenditure or project shall be classified as a Repair and Maintenance expense in the Operating Budget. "Aggregate asset value" shall mean the amount equal to the capitalized costs of the Community's physical assets at completion of construction, excluding (a) the Property and all costs associated with the Property, and (b) furniture and equipment.

Community - The continuing care retirement community operated on the Premises.

Community Employees - As defined in Section 8.1.

EBITDAR - As defined in, and determined pursuant to, the Budget Policy.

Erickson Brand - Initially, the facilities, programs and services of the exemplary scope, quality and consistency as currently experienced by the Residents and currently in effect in the Community and in others previously managed by Erickson and to be managed by Manager, as the same shall be modified for the Community in accordance with the Budget, including, without limitation, Manager's national marketing, purchasing, risk management, health care and other services that are provided in conjunction with other communities previously managed by Erickson and to be managed by Manager. As each annual Budget is adopted by NFP, the Erickson Brand shall mean and refer to the facilities, programs and services provided by Manager in accordance with such approved Budget.

Extraordinary Expense - Any expense requiring the specific authorization of NFP pursuant to Section 6.6.

Independent Living Unit - An accommodation at the Community for a Resident who is able to live independently within NFP's guidelines.

Management Fee - The fee payable to Manager pursuant to Section 4.3.

Management Personnel -- As defined in Section 9.1.

Management Services - Those services as may be required from time to time to operate, administer and manage the Community as a continuing care retirement community, including all independent living, assisted living and skilled nursing units, medical, nursing, recreational, commercial and other uses incidental thereto, in a manner consistent with Applicable Standards and the Erickson Brand, and in accordance with the terms and limitations of this Agreement, including, without limitation, services identified on Exhibit B.

Master Lease -- As defined in the Recitals of this Agreement.

Maturity - Means the earlier to occur of (i) the date on which initial settlement by Residents of 95% of the planned independent living units to be built at the Community has occurred, and (ii) the date of purchase of the Community by NFP.

Mission -- Means the purpose of NFP to make its CCRC as affordable as possible to middle income seniors while providing high quality services as further described in Exhibit E.

NFP Board -- The Board of Directors of NFP.

Nursing Unit -- A room accommodation for a Resident who is unable to perform normal functions necessary to live in an Independent Living Unit or Assisted Living Unit and who needs the degree of medical care, personal care and service that is provided in the structure(s) in which such accommodations are located.

Occupancy Fees -- Means the monthly occupancy fees payable by Residents with respect to independent living units and assisted living units, and the daily fee payable to the Community with respect to the skilled nursing units, as such fees may be determined separately by category of Unit (e.g., total Occupancy Fees just for independent living units) or by a combination of Units (e.g., total Occupancy Fees for assisted and skilled nursing units). Occupancy Fees shall not include rents from commercial leases, food service fees, home health service fees, grounds and maintenance fees, laundry and housekeeping fees, other Resident fees, facility rents or interest income. To the extent that new sources of revenue or fees are established in the operation of the Community, for purposes of calculating the Management Fee hereunder, said revenue or fees shall not be deemed to be part of the Occupancy Fees unless the NFP Board, by resolution, agrees to include said revenue or fees in the definition of Occupancy Fees.

Occupancy Rate -- Means the percentage derived by dividing the "Billed Units" by the "Available Billed Units" as such terms are used in the Budget Policy.

Operating Budget -- An annual budget setting forth NFP's costs and income with respect to the operation of the Community for the projected twelve month period.

Permit -- As defined in Section 3.2.3.

Property - The land described in Exhibit H.

Qualified Persons – Means individuals eligible for admission as Residents to the Community meeting age, financial, medical and other requirements, which requirements are recommended by Manager and approved by NFP.

Residence and Care Agreement - The continuing care contract executed by and between NFP and each Resident, detailing the residential and other rights and obligations of the Resident and the rights and obligations of NFP.

Resident - A person who occupies a Unit pursuant to a Residence and Care Agreement.

State – The state in which the Community is located.

Unit – The residential unit of a Resident at the Community, which may be an Independent Living Unit, an Assisted Living Unit, or a Nursing Unit.

Trust Indenture – The Trust Indenture dated December 1, 2005 between Bucks County Industrial Development Authority and the Trustee.

Trustee – Wells Fargo Bank, National Association, as successor trustee under the Trust Indenture, or such other trustee acting as trustee under the Trust Indenture from time to time.

Working Capital Loan - The loan made by Owner to NFP pursuant to the Working Capital Loan Agreement.

Working Capital Loan Agreement - That certain Amended and Restated Working Capital Loan Agreement dated December 1, 2005 between Owner and NFP, as amended by the First Amendment thereto of even date herewith.

2. REPRESENTATIONS AND WARRANTIES

2.1. Representations and Warranties of Manager. Manager hereby represents and warrants to NFP that Manager is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland, and has full power and authority to carry on its business as it is proposed to be conducted, and to enter into and perform its obligations under this Agreement and under the other agreements, instruments, or documents to be entered into pursuant to or in connection with this Agreement. Manager is not the subject of any lawsuit which, if adversely determined, could adversely affect Manager's ability to perform under this Agreement, nor are any such actions threatened and Manager has not received notice of any violation of any federal, state or local laws, regulations or rules.

2.2. Representations and Warranties of NFP. NFP hereby represents and warrants to Manager that NFP is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, and is authorized to do business in the State;

and has full corporate power and authority to carry on its business as it is now being conducted, to own or hold under lease the properties and assets it now owns or holds under lease and to enter into and perform its obligations under this Agreement and under the other agreements, instruments, or documents to be entered into pursuant to this Agreement.

2.3. Master Lease. NFP and Manager acknowledge and agree that this Agreement shall automatically terminate upon the termination of the Master Lease, unless such termination of the Master Lease is due to (a) the expiration of the Lease Term (as defined in the Master Lease) or (b) upon NFP's acquisition of the Community. Nothing contained in this Agreement or any other agreement between NFP and Manager is intended to modify NFP's obligations under the Master Lease. This Section 2.3 shall no longer be in effect upon the acquisition of the Community by NFP.

3. DUTIES OF MANAGER

3.1. Engagement. NFP hereby appoints and engages Manager as an independent contractor to furnish Management Services for the Community; provided, however, nothing in this Agreement shall be construed to preclude NFP from engaging other persons to provide legal, financial, design, consulting and other services, in NFP's sole discretion. Further provided, Manager shall have no right or authority to commit or otherwise obligate NFP in any manner whatsoever except to the extent specifically provided for in this Agreement or as otherwise expressly authorized by NFP. Without limiting the generality of the foregoing, Management Services shall include the obligations listed in this Article 3.

3.1.1. Admissions. Manager, in the name of NFP, shall only enter into Residence and Care Agreements with Qualified Persons.

3.2. Certification and Licensure.

3.2.1. Manager shall prepare any annual disclosure statements and applications on behalf of NFP to be presented periodically to the appropriate governmental agencies for certificates of registration for operation of the Community as a continuing care retirement community, or any expansions or changes therein, and Manager shall provide a copy of such disclosure statements to NFP promptly upon filing with such governmental agencies. Manager shall prepare any applications on behalf of NFP to be presented to such agency having jurisdiction for a license for operation of a portion of the Community as a comprehensive care nursing and assisted living facility, or any expansions or changes therein. Manager shall cooperate fully with NFP to obtain and maintain in full force and effect such of the Approvals as are required for the operation of the Community's comprehensive care nursing facility pursuant to the licensure, as renewed and amended from time to time.

3.2.2. Manager shall prepare and NFP shall submit applications for, and Manager shall maintain in full force and effect, all other necessary federal, state and local approvals for the operation of the Community as well as approvals from non-governmental accreditation organizations as may be required from time to time (collectively, the "Approvals"), and as required to be renewed and amended from time to time.

3.2.3. Manager covenants that Manager shall use its best efforts to prevent any permits, rights, franchises or privileges necessary for the operation of the Community from lapsing or being allowed to lapse or forfeited so long as the same shall be necessary for the operation of the Community (collectively, the "Permits"), and that Manager will use its best efforts to procure the extension or renewal of each and every permit, right, franchise or privilege so expiring and necessary for the operation of the Community. Manager shall promptly provide written notice to NFP of any threatened or pending violation of any Applicable Standard, Approval or Permit (including without limitation any threatened or pending exclusion from any federal or state healthcare program), which notice shall include a copy of any citation, notice, report, or correspondence received by Manager with respect thereto.

3.3. Conduct. Manager shall manage the Community in a prudent, businesslike manner, so as to enhance the reputation of the Community and the continued growth of the Community, and to ensure compliance with all Applicable Standards. Manager shall not take any action or follow a course of conduct that is not in compliance with any Applicable Standard, fail to take action necessary to comply with any Applicable Standard, or take any action which will or may cause the Community to lose its certifications or licenses under the terms of all applicable laws, rules or regulations. Manager will not take any action that would adversely affect the 501(c)(3) status of NFP or the tax exempt status of its bonds.

3.4. Communication with NFP. Manager shall communicate with NFP at least quarterly with respect to all material issues affecting the operation and management of the Community. This communication shall include a report regarding all current material litigation, the termination of the occupancy of any Residents, as well as any trends noted by Manager relating to potential liability issues, and such other reports as NFP may reasonably request. Manager agrees to cause a representative of Manager to attend meetings with NFP during normal business hours as requested by NFP with reasonable advance notice. In addition, Manager shall provide immediate written notice to NFP of any default, or any threatened or pending claim by a third party that Manager reasonably believes could give rise to a material default, relating to any obligation of Manager under this Agreement or of any event that would cause Manager's representations set forth in paragraph 2.1 to not continue to be correct.

3.5. Employment and Contracting of Personnel. As more fully set forth in Articles 8 and 9 and in accordance with the Budget, Manager, acting on its own behalf with respect to Management Personnel and as agent for NFP with respect to Community Employees, shall investigate, hire or contract with, supervise and discharge personnel necessary or appropriate for the operation of the Community. Manager shall prepare, execute, and file all forms, reports, and returns required by law in connection with the employment of personnel at the Community, whether by NFP or by Manager, including unemployment insurance, workers' compensation insurance, disability benefits, Social Security, and other similar insurance benefits or taxes now in effect or hereafter imposed.

3.6. Records and Reports.

3.6.1. Manager shall establish and maintain a comprehensive system of records, books, and accounts for the Community in a manner satisfactory to NFP and as necessary to allow NFP to comply with NFP's obligations under the Master Lease and any applicable financing documents pertaining to the maintenance of books, records, and accounts.

3.6.2. With respect to each fiscal year ending during the term of this Agreement, NFP shall appoint a firm of independent certified public accountants ("auditor") to perform an audit, in accordance with Generally Accepted Auditing Standards, of NFP's annual financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). Manager agrees to fully cooperate with the auditor by preparing financial statements that conform to GAAP and providing books, records, documents, and other materials requested by the auditor in the performance of the audits in a timely manner.

3.6.3. Manager shall prepare all reports required of NFP under contracts, including loan and bond documents, to which NFP is a party; shall monitor compliance with loan and bond covenants applicable to NFP; and shall timely provide summary periodic reports to NFP with respect thereto.

3.6.4. Manager shall cause the timely and competent preparation of NFP's federal and state information returns required by the Internal Revenue Service and state regulatory authorities in connection with NFP's tax-exempt status for review and signature by an NFP principal officer. In addition, Manager shall cause any reports required to be made under the Medicare or Medicaid programs (or any successor programs) of the United States Department of Health and Human Services or by the State to be prepared in a timely and competent manner.

3.6.5. Manager shall prepare all additional reports, statements or certifications required by Applicable Standards to be filed by NFP including, without limitation, all federal, state and local government/regulatory filings (e.g., charitable solicitation registration), federal, state and local information and other returns, and will also prepare any other reports, statements or certificates as NFP may reasonably request from time to time.

3.6.6. Manager shall maintain a system of internal control designed to ensure accurate financial reporting, compliance with Applicable Standards and prevention of losses from errors, omissions, employee dishonesty or fraud.

3.7. Maintenance and Repairs.

3.7.1. Manager shall cause a preventative maintenance schedule to be developed; which schedule shall include, but not be limited to, periodic inspections of the Units; residency commencement and termination check lists; inventory control; common area maintenance; equipment maintenance; exterior maintenance on a seasonal basis; and painting, decorating, and replacement time tables as necessary and provided in accordance with the requirements of the Budget Policy.

3.7.2. Manager shall cause the buildings, appurtenances, equipment and grounds of the Premises to be maintained and repaired in good operating condition within the preventative maintenance schedule and, except for an Extraordinary Expense (approved by NFP), within the limits of the funds available therefor in the Budget.

3.8. Service Requests of Residents. Manager shall maintain businesslike relations with Residents whose service requests shall be received, considered, and recorded on a systematic written basis in order to show the action taken with respect to each. Complaints of a serious nature shall, after thorough investigation, be reported to NFP with appropriate recommendations.

3.9. Goals. NFP, after consultation with Manager, may establish goals for performance standards relating to occupancy, services and Resident satisfaction, employee turnover and satisfaction, financial performance (including operating margin and cash flow requirements), and patient health care. Manager shall use commercially reasonable efforts to achieve the goals. However, if Manager uses such efforts, a failure to achieve any of the goals, in and of itself, shall not constitute a default hereunder, except to the extent specifically provided for otherwise in Sections 10.2.3 and 10.2.4. In the event a goal is not met, Manager shall submit a report to NFP setting forth a plan of action it proposes to undertake in order to achieve the goal. Upon the approval of the plan by NFP, Manager shall diligently implement the plan.

3.10. Applicable Standards. Manager shall take or cause to be taken the action necessary or appropriate to promptly comply with or contest or challenge any and all Applicable Standards and orders of the American Insurance Association or other similar bodies, within the limits of the Budget. In the event Manager deems the Budget to be insufficient, it can request approval of NFP to incur an Extraordinary Expense and NFP, through the NFP Board or the Executive Committee of the NFP Board, shall promptly respond.

3.11. Compliance with Policies and Mission. Manager shall comply with the Applicable Standards, and Manager shall use due care to cause the Community to be in compliance. In addition, Manager shall become knowledgeable regarding the policies and the Mission of NFP in connection with the operation of the Community and Manager's duties under this Agreement and shall use due care to cause the Community to be operated in accordance with such policies and the Mission, provided such policies are not in conflict with the Erickson Brand.

3.12. Utility Service and Purchases. As more fully set forth in Article 5 and within the guidelines of the Budget, Manager shall make arrangements or contracts for garbage and trash removal, fuel, oil, extermination, snow removal, elevator maintenance, and other necessary services. Within the guidelines of the Budget, Manager shall place or cause to be placed orders for the equipment, tools, appliances, materials, and supplies as are necessary or appropriate to maintain and repair the Community property. When taking bids or issuing purchase orders, Manager shall act at all times in the best interest of the Community.

3.13. Compliance of Residents. Manager shall at all times during the term of this Agreement operate and maintain the Community according to Applicable Standards. Manager shall secure or cause to be secured, to the best of its ability, full compliance by the

Residents with the terms and conditions of their respective Residence and Care Agreements. Manager may terminate any Resident's occupancy when, in Manager's judgment, sufficient cause occurs under the terms of the Resident's Residence and Care Agreements and in accordance with Applicable Standards.

3.14. Legal Action or Potential Claims. Manager shall immediately notify NFP of the service or receipt of any notice, complaint, order, or other notice of adverse action received from any third person, including any individual or any governmental or accrediting agency, and of an unasserted claim of which Manager becomes aware, if, in Manager's opinion, an adverse ruling in such action or unasserted claim would have a material adverse effect on NFP, and there is a material chance of liability or if publicity regarding the alleged incident could have an adverse effect on NFP's reputation. In such event, Manager shall, in consultation with NFP and NFP's attorneys and consultants, take such action as may be necessary or appropriate to address such unasserted claim or to promptly comply with or to contest or challenge any and all such orders, complaints or other requirements affecting the Community. In addition to the reports required hereunder and under Section 3.4, Manager shall provide reports to NFP or to such person as NFP may designate of any material adverse actions that have been settled by Manager on behalf of NFP.

3.15. Residence and Care Agreements; Entrance Deposits. The current form of the Residence and Care Agreement attached to the Master Lease has been approved by NFP. Entrance deposit amounts and policies as referenced in Section 3.11, including refundability of entrance deposits, shall be established from time to time by Manager consistent with the Erickson Brand, subject to the approval of NFP, which approval shall not be unreasonably withheld, delayed or conditioned. Changes to the Residence and Care Agreement may be made by Manager in accordance with Applicable Standards. Manager shall promptly report to NFP any material changes to the Residence and Care Agreement. Manager agrees to perform in a manner consistent with Applicable Standards all obligations of NFP under the Residence and Care Agreements and to provide all other services as may be customary at a continuing care community whose occupants have residential rights under Residence and Care Agreements.

3.16. Budget. Manager shall prepare, or cause to be prepared, the Budget identified in Article 5.

3.17. Marketing. Manager shall market the Units which become available after their first occupancy, including advertising of the Community, selection of media, production of brochures, and sponsorship of special events, to maintain proper public exposure of the Community space. This obligation shall run concurrently with the marketing program of Owner and shall not compete with but shall complement such program. All marketing costs relating to the Community shall be allocated between NFP and Owner in accordance with the Budget Policy.

3.18. Negotiation of Contracts. Manager shall use all commercially reasonable efforts to obtain and execute in the name of, or as agent for, NFP the following:

3.18.1. Residence and Care Agreements with Qualified Persons for any available Unit;

3.18.2. Commercial lease agreements for any available commercial space, provided, however that Manager may contract with independent realtors for leasing services where appropriate; and further provided that any such agreement which does not directly relate to the provision of services to Residents or employees shall require the consent of NFP;

3.18.3. Any other contracts or arrangements for the proper management of the Community. Manager shall not, however, have any authority to enter into agreements in the name of, or as agent for, NFP involving arrangements not directly for the benefit of Residents or employees, extraordinary corporate actions or non-operating activities without the express consent of NFP. If there is any question as to Manager's authority with respect to any action or activity, Manager shall consult with NFP and agrees to be bound by NFP's decision.

In connection with this Section 3.18, Manager will follow all nondiscriminatory tenant selection policies required by federal, state and local governing bodies.

3.18.4. Manager employees may execute contracts in accordance with Part II, Paragraphs 1 through 8 and Part IV of the Contract Execution Policy attached hereto as Exhibit F. NFP may modify Manager's authority to enter into contracts on behalf of the Community at any time with the consent of Manager, which consent shall not be unreasonably withheld.

3.19. Occupancy Fees. Manager shall bill Residents occupying Units, commercial tenants, licensees, and concessionaires (hereinafter referred to collectively as "Occupants") rent and other charges payable with respect to space occupied, and shall use all commercially reasonable efforts to collect the amounts billed. All such bills shall be consistent with the terms and provisions of the various agreements for occupancy of space at the Premises, including, without limitation, Residence and Care Agreements with Residents of the Community, as such agreements or fee schedules relating thereto may be amended from time to time.

3.20. Collections and Delinquencies. NFP hereby authorizes Manager to request, demand, collect, receive, settle claims with respect to and give receipts for any and all charges which may at any time be or become payable by Residents or Occupants, and, upon the prior consent of NFP, to institute suit, at NFP's expense, with respect to payments as may be required from time to time.

3.21. Taxes. Manager shall be responsible to ensure the payment, at NFP's expense, of all federal and state and local taxes, including, without limitation, real estate taxes (to the extent real estate taxes are required to be paid by NFP under the Master Lease) and federal, state and local employment taxes and unemployment taxes, relating to NFP, the Community Employees, the Premises, and the Community, which shall be remitted to the appropriate agency on or before the due date in the name of NFP. Unless furnished by NFP, Manager will obtain in NFP's name federal and state tax identification numbers. Manager agrees to use all

commercially reasonable efforts, at NFP's expense, to obtain all tax exemptions, abatements or credits to which NFP is entitled.

3.22. Policies and Procedures. NFP currently has in place operational policies and procedures approved by NFP. Manager shall revise or restate such existing operational policies and procedures and develop and implement such new operational policies and procedures, as Manager may deem necessary to cause or to ensure the establishment and maintenance of the Applicable Standards. Such new, revised or restated policies and procedures shall be subject to approval by NFP, which approval shall not be unreasonably withheld, delayed or conditioned.

3.23. Unauthorized Acts. Notwithstanding anything to the contrary herein, Manager shall have no authority to:

a. Borrow on behalf of or loan any funds of the Community except as specifically approved by NFP;

b. Create or permit any lien on all or any portion of the Premises or sell, convey or otherwise transfer all or any portion of the Premises without NFP's approval, which approval may be withheld in NFP's sole discretion except for replacement of furnishings and equipment and operating equipment in the ordinary course of business;

c. Do or permit any act or omission which would impair materially the use of the Community for its intended use;

d. Do or permit any act or omission which would violate the Applicable Standards or the terms of any Permit or Approval with respect to the Community or the Premises or which would cause any such Permit or Approval to lapse or expire; or

e. Do or permit any act or omission or incur any liability which exceeds Manager's authority under this Agreement.

3.24. Protected Health Information and Patient Records.

a. Manager acknowledges and agrees that certain portions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191, as amended from time to time ("HIPAA"), and certain regulations promulgated or to be promulgated pursuant thereto (the "HIPAA Regulations"), apply or will apply to NFP, Manager, and their relationship and dealings under this Agreement. Manager shall enter into a business associate agreement with NFP and shall enter into such other agreements as are required, or as may be required in the future, in NFP's reasonable discretion, to satisfy the relative obligations of both NFP and Manager under applicable HIPAA Regulations. In the event of any inconsistency between the provisions of this Agreement and the provisions of such agreements, the provisions of such agreements shall control.

b. Manager shall be responsible for the preparation and maintenance of all medical records, trust account records and other records pertaining to patients of any medical facility of the Community. Manager shall comply, and shall require all of its employees, contractors, directors, officers and agents to comply, with (i) all requirements of the HIPAA Regulations, (ii) all state and local laws governing the creation, use, maintenance, destruction, transmission and disclosure of protected health information (as defined in 45 C.F.R. § 164.501) that apply to NFP and/or Manager under this Agreement and (iii) the business associate agreement between NFP and Manager.

3.25. Non-Discrimination. In performing its obligations under this Agreement, Manager will comply with the provisions of any federal, state or local law prohibiting discrimination in employment and housing on the grounds of race, color, creed, sex, marital status, national origin or physical or mental handicap or other protected class, including without limitation Title VII of the Civil Rights Act of 1968.

3.26. Medicare Access to Records Clause. If this Agreement is deemed subject to 42 U.S.C. § 1395X(V)(1)(I) and 42 C.F.R. Part 420, Subpart D 420.300 *et seq.*, then in accordance with such law, Manager shall, until the expiration of four (4) years after the furnishing of any Medicare reimbursable services pursuant to this Agreement, upon proper written request, allow the Comptroller General of the United States, the Secretary of Health and Human Services, and their duly authorized representatives access to this Agreement and to Manager's books, documents, and records necessary to certify the nature and extent of costs of Medicare reimbursable services provided under this Agreement. In accordance with such laws and regulations, if Medicare reimbursable services provided by Manager under this Agreement are carried out by means of a subcontract with an organization related to Manager, and such related organization provides the services at a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period, then the subcontract between Manager and the related organization shall contain a clause comparable to this paragraph.

3.27. Manager's Financial Statements. Manager will provide NFP with financial statements for Manager and the Affiliated Service Providers on an annual basis. In addition, Manager agrees to allow NFP or NFP's representatives to have access to reports by financial institutions or credit rating or reporting companies on the credit status of Manager and the Affiliated Service Providers. In addition, Manager agrees to promptly advise NFP of any adverse event which has or may have a material negative impact upon Manager's or any Affiliated Service Provider's financial condition including, without limitation, any failure by Manager or any such Affiliated Service Provider to meet a covenant to which it is subject under any applicable financial agreement.

3.28. Employee Health Practice Management Services. Manager may arrange for, coordinate and manage physicians and other providers to provide certain employee health and wellness services at the Community. Such services may include, but are not limited to, providing or arranging for employee health and wellness services, employee health management services, e.g., recruitment and credentialing, and operational and billing support and financial oversight of such services ("Employee Health Practice Management"). Neither NFP nor Manager shall offer or pay any consideration, in cash or in kind, to any employee, to induce such

employee to seek or receive services at the Community Employee Health and Wellness center or to receive services from any provider, or pay any other amount, directly or indirectly, that is prohibited by law. Further, NFP understands and acknowledges that Manager is not authorized or qualified to engage in any activity which may be construed or deemed to constitute the practice of medicine. To the extent any act or service required of Manager in this Agreement should be construed or deemed by any governmental authority, agency, or court to constitute the practice of medicine, the obligation of Manager to perform such act or service shall be deemed waived by NFP, Manager shall not be required to perform such act or service and the failure to perform such act or service by Manager shall not constitute a default under, or breach of, this Agreement. Each party recognizes that employees may obtain health and wellness services from any provider of employees' choosing, except as may be restricted by employees' insurance companies.

3.29. Additional Services. It is the intention of the parties that the Management Services provided by Manager includes all services that are necessary to the operation of the Community. NFP may ask Manager to consider enhancements to such services, and Manager will cooperate with NFP in fully evaluating the costs and benefits of any such request.

3.30. Notice of Termination of Key Management Employees. Manager shall promptly notify NFP of the termination of employment of any person at the Executive Vice President level or above or of any material change in the functions to be performed by any such employees. A failure to provide this notice shall not constitute a default hereunder.

3.31. Resident and Employee Satisfaction Surveys. Manager and NFP will cooperate to conduct Resident and employee satisfaction surveys (the "Resident and Employee Surveys"), which Resident and Employee Surveys shall be in a form mutually acceptable to Manager and NFP, may be based on the surveys used by Erickson for the Community and other Erickson Brand communities, and shall be administered by a mutually-acceptable third party. Unless otherwise agreed by NFP and Manager, the Resident satisfaction survey shall be conducted in the fall of each year, commencing in the fall of 2011, and the employee satisfaction survey shall be conducted in the spring of each year, commencing in the spring of 2011.

3.32. Board Observation Rights.

a. NFP and the other not-for-profit owners/lessees of communities managed by Manager (each, a "Client"), voting as a single class, shall have the right to elect, remove and replace one (1) individual (the "Observer") to attend meetings of Manager's Board of Directors in accordance with Section 3.32(b). All matters contemplated by the preceding sentence shall be approved by the vote of a majority of the Clients, and each Client (including NFP) shall be entitled to cast one (1) vote with respect to each such matter. The Clients shall be responsible for (i) determining whether any such vote is necessary; (ii) giving notice of, and conducting, all such votes; and (iii) notifying Manager of the outcome of all such votes.

b. Manager shall invite the Observer to attend all meetings of Manager's Board of Directors in a nonvoting observer capacity and, in this respect, shall give the Observer copies of all notices, minutes, consents, and other materials that Manager provides to

its directors; provided, however, that the Observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that Manager reserves the right to withhold any information and to exclude the Observer from any meeting or portion thereof that Manager deems to be confidential.

c. Notwithstanding anything herein to the contrary, Sections 3.32(a) and 3.32(b) shall only apply if and when Manager has a Board of Directors. If Manager does not have a Board of Directors, Manager shall consult with NFP prior to making any material change in the Erickson Brand.

4. RIGHTS AND DUTIES OF NFP

NFP shall be responsible for the following duties and obligations:

4.1. Reserved Rights and Obligations as to Manager. Notwithstanding any provision in this Agreement to the contrary and in addition to any other rights or obligations of NFP in this Agreement, NFP shall retain sole responsibility for the performance of the following duties which relate to the management of the Community: (i) the hiring and/or contracting with Manager; (ii) the termination of Manager; (iii) the replacement of Manager; (iv) the approval of investment advisors, custodians and investment strategy (which Manager shall implement in accordance with such approval); (v) retaining outside consultants; and (vi) approval of the hiring of any Executive Director candidate or the termination of the Executive Director recommended by Manager (except in the case of a promotion of the Executive Director, or a voluntary resignation of the Executive Director), which approval shall not be unreasonably withheld, delayed or conditioned. In addition, NFP shall, at all times, retain full authority to investigate and review any matter affecting the Residents and to require Manager to respond with respect to any such matter in the best interest of the Community within the parameters of this Agreement. In addition, NFP shall have the right to review the compensation for all Community Employees and Management Personnel against reasonable marketplace standards and require adherence to such standards. Upon request, Manager shall provide NFP with any relevant compensation surveys it has obtained.

4.2. Exclusive Agreement. NFP shall retain Manager as the sole and exclusive marketing and managing agent of the Premises.

4.3. Compensation. In consideration for Manager's performance of its obligations in accordance with this Agreement, NFP shall pay to Manager, on or before the fifteenth (15th) day of each calendar month, the applicable Monthly Fee (as defined on Exhibit C), in addition to the reimbursement and other payments set forth below.

4.3.1. Retainage. Five percent (5%) of each Monthly Fee payable by NFP prior to the time when the Monthly Fee is calculated based upon the Community having reached Maturity, and five percent (5%) of each Incentive Fee (as defined on Exhibit C), where applicable, payable by NFP after the time when the Monthly Fee is calculated based upon the Community having reached Maturity, as the case may be (in each case, the "Retainage"), will be retained by the Community. The total fee payable to Manager for the year shall be adjusted

based on the results of the annual audit and verification of actual Occupancy Fees received and the actual average annual Occupancy Rates of the Assisted Living Units and Nursing Units (together, "Health Units") and the Independent Living Units determined for the entire calendar year. Based on the results of the audit, all or a portion of the Retainage may then be released, and NFP shall pay any additional amount determined to be due to Manager under this Section 4.3.1 (so long as the total Incentive Fee payable hereunder does not exceed twenty-five percent (25%) of the Base Fee (as defined on Exhibit C), or the total fee may be reduced (but not below the Base Fee), in which case Manager shall be required to repay NFP to the extent the Retainage is insufficient to do so.

4.3.2. Deferral Under Certain Circumstances.

a. Payment of the Monthly Fee to Manager and amounts payable under Section 4.3.1 shall be subordinate to payment of NFP's other operating expenses and debt service, and shall be deferred:

i. in accordance with covenants or subordination provisions, if any, contained in any documents relating to any financing entered into by NFP that are (a) executed by NFP and Manager contemporaneously with the execution of this Agreement, or (b) subsequently approved by Manager in its reasonable discretion and executed by NFP and Manager; and

ii. if, and only to the extent that, at the time the Monthly Fee and/or amounts payable under Section 4.3.1 are payable, (A) NFP has an Operating Deficiency (as defined in the Working Capital Loan Agreement); (B) Owner shall be in default in the performance of its obligation to make Working Capital Loan disbursements in accordance with the Working Capital Loan Agreement to cover such Operating Deficiency (each, a "Working Capital Funding Default"); and (C) the Initial Entrance Deposits then held by NFP are insufficient to cover such Operating Deficiency.

b. All fees deferred pursuant to Section 4.3.2.a.i shall be paid as soon as permitted by the covenants or subordination provisions of any such financing documents. All fees deferred pursuant to Section 4.3.2.a.ii shall be paid as soon as the Working Capital Funding Default(s) giving rise to such deferral has been cured. To the extent any deferred fees are payable pursuant to either of the preceding sentences, and cash flow from operations of the Community is insufficient to pay such deferred fees and current period fees, the deferred fees shall be paid first.

c. Notwithstanding anything contained herein to the contrary, the payment obligations under this agreement shall not become due or be paid or payable except to the extent permitted in the Management Fee Subordination Agreement dated _____, 2010 between Manager, NFP and the Trustee, which Management Fee Subordination Agreement is incorporated herein by specific reference thereto to the same extent as if fully set forth herein.

4.4. Reimbursement for Reoccupancy. NFP shall reimburse Manager for the marketing cost of reoccupancy of existing units by a new Resident to cover the cost of obtaining

that new Resident consistent with Section 3.17. Said reimbursement may be accomplished by an agreed upon fixed lump sum amount per unit and may be modified from time to time as agreed upon by the parties hereto. To the extent required by Revenue Procedure 97-13 (or any applicable supplementary or superseding document issued by the Internal Revenue Service), payment of costs hereunder shall be taken into account by Manager for purposes of determining compliance with the requirements and limitations of Section 5.03(2) of Rev. Proc. 97-13.

4.5. Reimbursement for Management Personnel and Out-of-Pocket Expenses. NFP shall reimburse Manager for:

4.5.1 The actual costs of administering the compensation or benefits of the Community Employees .

4.5.2 The actual cost of all salary, benefits, employment taxes and other employer-related costs for the Management Personnel, allocated in accordance with the Budget Policy.

4.5.3 Actual out-of-pocket expenditures which are related to Manager's provision of the Management Services under this Agreement, including but not limited to, consultant's fees, long distance telephone calls, meals and travel. Automobile travel shall be reimbursed in accordance with the provisions of the Federal Guidelines for Mileage Reimbursement. Costs of centralized departmental operations that are shared by all continuing care retirement communities managed by Manager (including, without limitation, the departments identified on Exhibit B) shall be allocated in accordance with the Budget Policy. To the extent any reimbursements payable to Manager hereunder (including allocated expenses, marketing, cost of reoccupancy) are not solely for actual and direct costs paid to unrelated parties, such amounts shall be treated as compensation and taken into account in determining compliance with Section 4958 of the Internal Revenue Code and with Section 5.03 of Rev. Proc. 97-13 and treated as part of the Incentive Fee subject to the limitations set forth in Exhibit C.

4.6. Responsibility for Expenses. All line-item expenses approved in the Budget, and any Extraordinary Expenses specifically approved by NFP, shall be the financial responsibility of NFP.

4.7. Review of Operations. NFP will have the right at all times to conduct on-site evaluations of any or all of the Management Services which Manager has agreed to provide pursuant to this Agreement so that NFP may prepare a written report setting forth the results of such evaluations. NFP may engage, at NFP's cost and expense, a third party to perform such evaluation on its behalf. Such review may include (i) the overall quality and performance of Manager; (ii) reviewing compliance with the Management Agreement, including services provided, cost of services and compensation of Manager; (iii) reviewing the annual Budget of the Facility; (iv) evaluating the condition of Facility assets; (v) reviewing the adequacy of reserves for the maintenance, repair and replacement of Facility assets; (vi) reviewing the level of Resident satisfaction; and (vii) reviewing compliance with laws and regulations applicable to the Facility.

Upon reasonable notice, an authorized representative of Manager shall be available during on-site evaluations. Manager shall cooperate with such evaluation by responding to inquiries and providing access to documents, records or other materials that are requested. Manager shall correct any deficiencies noted in these evaluations within thirty (30) days of the receipt of the written report from NFP. In the event the correction cannot be made within thirty (30) days, Manager shall provide NFP with a written plan for the correction, including a timetable of proposed actions.

4.8 Periodic Review of Management Fees and Centralized Services Amounts.

(a) Within ninety (90) days following the third (3rd) and seventh (7th) anniversaries of the date of this Agreement, NFP shall have the right to retain (at its cost and expense) an independent third party consultant that is an expert in the continuing care retirement community industry to review management fees payable under this Agreement as compared to management fees payable at "Market" (as defined below). NFP shall propose an independent third party consultant to perform the review, subject to the approval of Manager, such approval not to be unreasonably withheld, delayed or conditioned. If such third party consultant (the "Consultant") reports that the annual management fees being charged by Manager under this Agreement on the third anniversary or seventh anniversary, as the case may be, deviate by more than 50 basis points from the annual management fees that are Market at such time (due to changes in Market from the date of this Agreement to such time), NFP and Manager will negotiate revised management fees in good faith. In the event that the parties are unable to reach agreement with respect to such revised management fees, then the parties shall enter into arbitration to determine such revised management fees, which arbitration shall be in accordance with Section 14.6 (but, notwithstanding anything in Section 14.6 to the contrary, the parties may use a mutually-acceptable arbitrator other than the American Arbitration Association (the "AAA") for purposes of this Section 4.8(a), and if they elect to do so, such arbitration shall be conducted pursuant to (x) the published rules of such arbitrator or, (y) if such arbitrator has no published rules, the commercial arbitration rules of the AAA. For a thirty (30) day period following the determination by such independent arbitrator of such revised management fees, if Manager is not willing to agree to such revised management fees, Manager shall so notify NFP in writing. For a thirty (30) day period following the date of such notice, NFP will have the right to terminate this Agreement, which termination may not be effective earlier than 180 days following notice of such termination. NFP shall have the right to instruct Manager to cease providing management services under this Agreement at any time during said 180-day period, provided that NFP pays Manager for all management fees due for the full 180-day period. For purposes of this Section, management fees also includes cost allocations for centralized services.

(b) NFP and Manager agree that, as of the date of this Agreement, the management fees (including cost allocations for centralized services) under this Agreement are Market in all respects.

(c) For purposes of this Agreement, "Market" means the prevailing market rate in the United States for management agreements with third party management companies providing management services to unaffiliated operators of continuing care retirement communities that are comparable to the Community in terms of, among other things, the