

numbers of residents, operating revenues, quality of facilities, entrance deposit policies, and service offerings (both in scope and quality). If, and to the extent that, the Consultant is unable to identify a sufficient number of such comparable communities to permit the Consultant to render an opinion, then the Consultant shall base its evaluation on the communities that most closely meet the definition of "Market" in the preceding sentence, with such adjustments as the Consultant deems reasonably necessary to perform a meaningful review of the management fees.

5. BUDGET

5.1. Budget. Manager shall prepare and shall periodically report upon the Operating Budget and Capital Budget for each calendar year in accordance with the requirements of the Budget Policy, which budget shall be subject to the review and approval by NFP. NFP agrees that it shall not amend the Budget Policy without Manager's consent, (a) to the extent the amended Budget Policy imposes additional burdens, responsibilities or liabilities on Manager or change to the Erickson Brand, or (b) in any manner that would alter the determination of EBITDAR.

5.2. Erickson Brand. NFP and Manager acknowledge and agree that the Community shall be operated consistent with the Erickson Brand. Accordingly, in order to assure Manager that NFP will provide the resources necessary in order to implement the Erickson Brand, NFP agrees to approve each calendar year an Operating Budget and Capital Budget that meets or exceeds the amounts budgeted for those services, policies, programs and capital improvements that are representative of the Erickson Brand; provided, however, that, following Maturity, if the revenues of the Community are not projected to satisfy the guidelines of the Budget Policy for such calendar year, Manager shall recommend such alterations to the programs constituting the Erickson Brand as are necessary to satisfy the Budget Policy.

6. FUNDS AND ACCOUNTS

6.1. a. Books and Records. Manager shall maintain and keep available, at its office, at all times, complete up-to-date books and records of the operation of the Premises. Such books and records shall be maintained so as to facilitate the preparation of financial statements in conformity with GAAP and to facilitate the preparation of reports called for in the Budget Policy. NFP and its agents and designees shall have the right to audit and examine said books and records and make copies of all or any part thereof during normal business hours upon five (5) days' advance written notice.

b. Records Retention. Manager shall be responsible for developing a document management program (including records retention policy) for the Community which program, at a minimum, meets Applicable Standards.

c. Access to Books and Records. Manager shall make available to NFP any and all records in Manager's possession that are NFP's property, or which have been generated in connection with the Community's operations, including, without limitation, medical records of the Community's Residents and books and records relating to centralized services. However, Manager reserves the right not to provide access to records that are: (i) the property of

Manager, and (ii) in the reasonable discretion of Manager, should not be provided due to legal restrictions (such as maintenance of privilege or protection of privacy), or contractual restrictions.

6.2. Surety or Fidelity Bonds. At NFP's option Manager shall require that any employees who handle or are responsible for handling of funds relating to or derived from the Premises shall be bonded, at NFP's expense, by a commercial blanket bond in an amount specified by NFP. NFP is to receive a certificate of insurance indicating bonding coverage (if required) which shall be subject to the condition that NFP be given ten (10) days' prior notice before cancellation.

6.3. Revenue. All revenue generated from the operation of the Community (including any rebates received by Manager arising from purchases made on behalf of the Community or an expense which was allocated to the Community) shall be received by Manager and deposited in an account(s) at a bank or banks designated by NFP. Manager or Manager's designee(s) shall have authority to draw funds from said account(s) to be disbursed solely to cover the costs of the management, marketing, maintenance, and overall operation of the Premises as provided in this Agreement. If NFP notifies Manager in accordance with Section 10.2 that NFP is terminating this Agreement, NFP may thereafter revoke Manager's authority to draw funds from said accounts, and Manager shall take such actions as may be reasonably necessary to effect an orderly transition of control of said accounts to NFP.

6.4 Capital Expense Reserve Account.

(a) Manager shall establish in NFP's name a separate interest-bearing bank account (the "Reserve") at a bank selected by Manager and approved by NFP to cover the cost of Capital Expenditures set forth in the Capital Budget approved by NFP. Subject to the requirements of any applicable Bond Documents, on or before the twentieth (20th) day of each month, Manager shall deposit into the Reserve one-twelfth of the total amount of Capital Expenditures set forth in the Capital Budget for such year. To the extent permitted by any applicable financing documents, the proceeds from the sale of capital assets (including furniture, equipment and vehicles) no longer needed for the operation of the Community and any interest earned on the Reserve also shall be deposited into the Reserve. At the end of each fiscal year, any amounts remaining in the Reserve shall be carried forward to the next fiscal year and shall be in addition to the amount to be deposited in the Reserve in the next fiscal year.

(b) Subject to the last sentence of Section 6.3, the Reserve shall be maintained at all times solely by the Manager, and checks or other documents of withdrawal therefrom shall be signed only by representatives of Manager. NFP shall, at the request of Manager, promptly execute all resolutions, certificates, powers of attorney and such other instruments as the bank may require to enable such representatives of Manager to control and operate the Reserve.

6.5. Excess Cash. Except as may be otherwise required by applicable Bond Documents, after (i) taking into account or making the payments for operational costs and services required under this Agreement; (ii) establishing or replenishing appropriate reserves for

capital improvements and refunds, including, without limitation, deposits in the Reserve; (iii) applying excess cash to the outstanding principal balance of the Working Capital Loan, in accordance with the Working Capital Loan Agreement; and (iv) paying Rent pursuant to the Master Lease, Manager shall periodically transfer the remaining balance of cash to NFP's general or other fund accounts or shall deposit the same to such investment account(s) as NFP may direct. NFP may at any time withdraw or transfer any portion of the surplus in such account(s).

6.6. Overall Limitation. Except (i) as provided in the Budget, or (ii) refunds of entrance deposits to Residents, Manager shall not make any disbursement for operating expenses in excess of sixty thousand dollars (\$60,000), or any series of related disbursements which in the aggregate exceed this sum in a thirty (30) day period, unless specifically authorized by NFP. For Capital Expenditure items that are not included in the Budget, Manager shall not expend in excess of one hundred thousand dollars (\$100,000) for any individual capital repair or replacement, or any series of related repairs or replacements in a thirty (30) day period, unless specifically authorized by NFP. The sixty thousand dollar (\$60,000) and one hundred thousand dollar (\$100,000) thresholds set forth in this Section 6.6 shall each be increased annually by the increase in the Consumer Price Index (All Items) for the Metropolitan Statistical Area in which the Community is located for the previous calendar year.

6.7. Emergency Exception. In the event of emergency repairs, involving manifest danger to life and property, or immediately necessary for the preservation and safety of the Community, or for the safety of the Residents or Occupants, or required to avoid the suspension of any necessary certifications, licenses or services to the Community, payments may be made by Manager in excess of amounts set forth in the Budget and/or in excess of the amounts that would otherwise require NFP's authorization under this Agreement, with the understanding that Manager will confer with NFP by telephone or personally followed by a written report regarding every such emergency expenditure.

6.8. Commingling of Funds. At no time will the funds of NFP be commingled with the funds or accounts of Manager or, unless authorized by the NFP Board, with those of any other community.

6.9. Banking Relationships and Financing. NFP shall retain full authority to modify all NFP banking relationships, investment management relationships, assumption of debt or refinancing of debt. Subject to the preceding sentence and Section 6.4, NFP's Treasurer, any Assistant Treasurer or any of their designees is authorized to establish bank accounts for NFP.

## 7. INSURANCE

7.1. Responsibility to Maintain. Manager shall obtain recommendations for and shall cause to be placed in force, at NFP's expense, all forms of insurance needed to protect adequately NFP, any mortgagee of the Premises, Manager and the Community, in accordance with Applicable Standards. Unless otherwise directed in advance by NFP, such insurance shall consist of the same coverage as was in place in the immediately preceding year. Manager shall promptly notify NFP of any material decrease or increase in such coverage.

7.2. Types of Insurance/Policy Limits.

(a) All of the various types of insurance coverage shall be placed with the companies, in the amounts, and with the beneficial interest appearing therein as shall be mutually agreed to by NFP, any mortgagee of the Premises, and Manager; provided, however, at least the insurance coverage described in Part I of Exhibit A shall be maintained, unless otherwise agreed to by the parties. NFP shall be authorized to revise the minimum insurance requirements set forth in Exhibit A in its sole discretion.

(b) Part II of Exhibit A sets forth the insurance that Manager is required to purchase and maintain at its expense by carrier and amounts, including E&O, workers compensation, comprehensive crime insurance, employment practice liability, auto liability and umbrella.

7.3. Named and Additional Insured. Manager shall cause each insurance policy maintained in accordance with this Agreement to identify NFP, Manager, and any landlord under the Master Lease as additional insureds, and any first mortgagee of the Premises as loss payee under the casualty insurance to be maintained by NFP.

7.4. Certificates. Manager shall provide to any named insured a certificate or certificates evidencing that the insurance to be maintained in accordance with this Agreement is in full force and effect.

8. STAFFING

8.1. Staffing Authority. Manager shall provide or engage staff at the Community in accordance with the approved Budget. Except as provided in Section 8.2, Manager, acting in accordance with personnel policies, procedures and guidelines approved by NFP in accordance with Section 3.22 and acting in the name of, and as agent for, NFP, shall have full authority to engage, dismiss, reprimand, or otherwise deal with all employees of NFP pursuant to this Agreement as may be necessary for the operation of the Community in accordance with Applicable Standards (the "Community Employees"). Unless NFP otherwise approves, Community Employees shall consist of those at the manager, supervisor and service levels and shall be employees of NFP. Manager expressly understands and agrees that such actions taken by Manager with respect to Community Employees shall take place in accordance with personnel policies, procedures and guidelines approved by NFP pursuant to Section 3.22 and pursuant to the standards of salaries, benefits and other compensation that Manager may choose to provide and pay to Community Employees on behalf of NFP; provided, however, that such policies shall be subject to revision in accordance with Section 3.22 and such salaries, benefits and other compensation shall be in accordance with the Budget as provided in Article 5; and provided further, that NFP shall not amend such policies without Manager's consent, which consent shall not be unreasonably withheld, delayed or conditioned.

8.2. Executive Director. Manager will provide an on-site Executive Director (the "Executive Director") for the Community, together with such other personnel at the director

level or above as are necessary for the efficient and effective provision of Management Services hereunder. The Executive Director will be responsible for day-to-day supervision of all Management Personnel and all Community Employees, who will report, either directly or indirectly, to the Executive Director. The Executive Director and the other Management Personnel will be employees of Manager; however, subject to the provisions of Sections 4.3 and 4.5, all NFP-approved salaries and benefits of the Management Personnel shall be reimbursed to Manager by NFP as a cost of operations of the Community. Manager represents and warrants that it is an equal opportunity employer. The Executive Director and other Management Personnel will be selected by Manager, provided that NFP shall have certain approval rights over the hiring and termination of the Executive Director as provided in Section 4.1.

In the event Manager assigns personnel to NFP on less than a full time basis, NFP shall only pay for the appropriate salaries, benefits, and other expenses relating to the services provided to NFP, or as otherwise approved by NFP.

If so directed by NFP for good cause shown, Manager shall immediately replace the Executive Director with another individual selected as provided in Section 4.1. For purposes of this Agreement, "good cause" means that any of the following has actually occurred: the Executive Director (i) engages in any acts or omissions with respect to NFP's business affairs involving material dishonesty, or acts or omissions with respect to NFP's business affairs that demonstrate a material lack of integrity; (ii) is convicted of a felony; (iii) engages in grossly negligent acts or omissions or willful misconduct with respect to NFP's business; or (iv) engages in continuing willful or intentional failure to carry out express written instructions of the NFP Board which are within the scope of the Executive Director's duties hereunder and which failure continues for more than ten (10) days after the NFP Board serves the Executive Director written notice of the same.

8.3. Qualifications. Manager shall take reasonable means to ensure that the Community Employees are qualified to perform the duties associated with their respective positions in accordance with Applicable Standards.

8.4. Maintenance of Staffing Levels. Manager shall assure that all Community Employee positions are filled on a timely basis. Toward that end, Manager shall, as required, advertise all vacancies, provide for interviews of candidates and make employment decisions.

8.5. Training. Manager shall train new Community Employees, or shall cause the Community Employees to be trained, as necessary to provide for the efficient operation of the Community in accordance with Applicable Standards.

8.6. Contracted Services. Manager shall have full authority to engage, dismiss, reprimand, or otherwise deal with such professionals and independent contractors including, without limitation, physicians, nurses, physical therapists, ministers, and maintenance and custodial personnel whose services are, in the opinion of Manager, necessary or appropriate for the operation of the Community in accordance with Applicable Standards; provided, however, that all payments made to these professionals and independent contractors are in accordance with the Budget or as provided in Article 5.

8.6.1. Related Parties. Manager may, with the advance written approval of NFP, contract in the name of, or as agent for, NFP with affiliates or other related parties of Manager for the benefit of the Community provided that such contracts are on the same or similar terms as if negotiated and consummated on an "arms-length" basis and are in the best interest of NFP; provided, that Manager shall, prior to the execution of such agreement, fully advise NFP of the nature of Manager's affiliation with the related party. Further provided, NFP reserves the right to approve the contract or to require that Manager demonstrate that such contract is arms-length. Manager shall, in all other ways and at all times, comply fully with these conditions, and with all other terms and conditions of the NFP Board-approved Conflict of Interest Policy as the same now exists and/or as the same may hereafter be developed or amended.

8.6.2. Exhibit D sets forth a listing of all related parties with whom Manager has contracted to provide services to NFP, which listing may be amended by Manager from time to time (the "Affiliated Service Providers").

## 9. MANAGEMENT PERSONNEL

9.1. Hiring of Management Personnel. In addition to Manager's obligations pursuant to Article 8, Manager shall hire and retain employees of its own as may be necessary or appropriate for the effective provision of the Management Services (the "Management Personnel"). The Management Personnel shall consist, at a minimum, of persons managing the Community Employees. NFP expressly understands and agrees that actions taken by Manager with respect to the Management Personnel shall take place in accordance with Manager's personnel policies and pursuant to the standards of salaries, benefits and other compensation which Manager may from time to time provide and pay in accordance with the approved Budget. All salaries, payroll taxes and unemployment insurance of the Management Personnel shall be timely paid by Manager and Manager shall indemnify and hold NFP harmless with respect to Manager's failure to perform such function in a timely manner.

9.1.1. Conflicts of Interest Policies. Manager shall obtain conflicts statements conforming to NFP's policy from Manager employees who have procurement authority for NFP and from Manager's senior management, and shall report any conflicts to NFP.

9.2. Consulting and Professional Services of Certain Key Personnel. Manager shall use all commercially reasonable efforts to have Management Services performed by Community Employees or Management Personnel. However, Manager reserves the right to hire outside consultants or professionals to perform such Management Services, if such use is deemed reasonably practicable, and to the extent permitted by the Budget. Such Management Services shall include but are not limited to administration and coordination of the operation of the Premises; implementation and evaluation of operating procedures for the Premises; supervision of in-house marketing services; supervision and furnishing of in-house legal services; architectural, engineering and design services for the Premises; and purchasing services for the furnishings, materials and equipment used in the operation of the Community.

9.3. Administrator. Manager shall hire a licensed nursing home administrator (the "Administrator") who shall direct overall operation of the nursing home division of the Community. The Administrator's duties shall include, without limitation, supervision of the Community Employees and implementation of Manager's undertakings pursuant to this Agreement within the nursing home division of the Community. The Administrator shall be an employee of Manager, provided, however, that the salary, benefits and other compensation of the Administrator shall be timely paid by NFP as a reimbursable expense.

## 10. DURATION AND TERMINATION OF CONTRACT

10.1. Term. This Agreement shall terminate on [April 30], 2020; provided, however, that unless (x) this Agreement has otherwise been terminated, (y) NFP has given thirty (30) days' written notice to Manager prior to the end of the original term hereof, or (z) Manager has given one hundred eighty (180) days' written notice to NFP prior to the end of the original term hereof, this Agreement shall automatically renew for successive six-month terms at the conclusion of each term, but shall remain subject to all of the termination provisions in this Agreement, including, without limitation, the provisions of this Section 10.1.

10.1.1. NFP and Manager acknowledge and agree that Owner and its successors and assigns as Landlord under the Master Lease shall have the right to terminate this Agreement, in lieu of terminating the Master Lease, in the event of an Event of Default under the Master Lease by NFP, provided such Event of Default does not occur as a result of the acts or omissions of Manager. Any such termination by Owner or its successors or assigns must be in writing delivered to Manager and NFP and shall be effective on the thirtieth (30th) day following the mailing of such notice of termination.

### 10.1.2. Tax Compliance and Challenges.

(a) For purposes of this section, an "Audit" means an Internal Revenue Service (the "IRS") audit or examination of, or determination with respect to, NFP, NFP's bond issuer with respect to an audit of bonds issued for the benefit of NFP, Manager, and/or a tax- or information-return filed by one of the foregoing. The "Audited Party" means the party that is the subject of the Audit, provided that, in the case of an Audit of bonds issued for the benefit of NFP, NFP shall be deemed the Audited Party if and to the extent that the bond issuer has authorized NFP to directly participate in the conduct and negotiation of the Audit.

(b) Notwithstanding anything to the contrary expressed or implied in this Agreement, it is understood and agreed that if, during the course of or as a result of an Audit, the IRS indicates to the Audited Party that (i) the taking of any action by NFP or any failure on the part of NFP to take action with respect to this Agreement (a "Failure"), (ii) any provision or provisions of this Agreement (a "Provision"), or (iii) any action taken by Manager under this Agreement (an "Action") (or any combination of a Failure, Provision, and/or Action) shall (A) adversely affect the 501(c)(3) tax exempt status of NFP, (B) adversely affect the tax-exempt status of interest payable on any bonds issued for the benefit of NFP, (C) subject NFP to civil or criminal penalties under any provision of the Social Security Act and/or any other federal

or state law, (D) give rise to an excess benefit transaction within the meaning of Section 4958 of the Internal Revenue Code, or (E) cause this Agreement to fail to comply with the provisions of Section 5.03 of Rev. Proc. 97-13, as amended, modified or superseded, to the extent applicable (each such issue described in subclause (A), (B), (C), (D), or (E) of this paragraph (b) to be referred to herein as an "Audit Issue" and collectively as the "Audit Issues"), then the Audited Party shall promptly notify the other party hereto of the Audit Issue(s) raised by the IRS, and the parties hereto may mutually agree to modify this Agreement and/or take such other actions as may be necessary to resolve the Audit Issue(s).

(c) If the parties hereto do not mutually agree to modify this Agreement and/or take such other actions as may be necessary to resolve an Audit Issue pursuant to paragraph (b) above, then the Audited Party shall follow the provisions of subparagraph (1) and/or (2), below, as applicable:

(1) If an Audit Issue is specifically due to the term of this Agreement being greater than five (5) years, then the Audited Party shall (i) negotiate with the IRS (as described in subparagraph (2)(i) below), and (ii) if such negotiations are unsuccessful, exercise all available administrative remedies (as described in subparagraph (2)(ii) below), in such manner as to specifically seek to preserve the 10 year term of this Agreement and to otherwise maintain the overall economic arrangements set forth herein. If such negotiations and exercise of administrative remedies do not fully resolve the Audit Issue(s), NFP and Manager will negotiate in good faith to modify this Agreement such that the 10 year term and overall economic arrangements set forth herein are preserved and to otherwise resolve the Audit Issue(s). However, if such negotiations do not result in modifications that preserve the tax exempt status of the interest payable on bonds issued for the benefit of NFP or the 501(c)(3) status of NFP, as applicable, then the parties shall instead revise the term and fees of this Agreement as set forth on Exhibit I.

(2) If the steps taken in subparagraph (1) do not fully resolve the Audit Issue(s), or if an Audit Issue is due to a factor or factors other than the term of this Agreement being greater than five (5) years, then the Audited Party shall respond to the Audit Issue(s) by taking the following steps (to the extent such steps were not already taken pursuant to subparagraph (1)):

(i) First, the Audited Party shall use commercially reasonable efforts to negotiate with the IRS to maintain the current terms and overall economic arrangements set forth in this Agreement and, as part of such process, the Audited Party shall consult with the other party to this Agreement and in a timely fashion keep such other party apprised of all negotiations and discussions with the IRS. In the case of an Audit of NFP's bond issuer, NFP shall seek to obtain authorization for its own direct participation in the conduct and negotiation of the Audit.

(ii) Second, if the negotiations described in subparagraph (i) do not fully resolve the Audit Issue(s), the Audited Party shall exhaust all available administrative remedies (excluding any court proceedings) to defend and maintain the current terms and overall economic arrangements set forth in this Agreement. In the case of an



Audit of bonds issued for the benefit of NFP, this subparagraph (ii) shall apply only to the extent authorized by the bond issuer.

(iii) Third, if the exercise of administrative remedies described in subparagraph (ii) does not fully resolve the Audit Issue(s), NFP and Manager shall (A) modify this Agreement to the minimum extent necessary to fully resolve the Audit Issue(s), or (B) take such other actions as shall be mutually agreeable in order to fully resolve the Audit Issue(s). The parties shall use commercially reasonable efforts to maintain the current terms and overall economic arrangements set forth in this Agreement.

Notwithstanding any other provision of this Agreement, in the event the provisions of subparagraphs (1) and (2) above apply simultaneously, any conflict or inconsistency arising from the application of both subparagraphs shall be resolved by first applying the process set forth in subparagraph (1) and then, to the extent necessary, the process set forth in subparagraph (2), provided that in any event the parties shall use commercially reasonable efforts to maintain the current terms and overall economic arrangements set forth in this Agreement.

(d) In the event that there is a change in law, regulation, or ruling of court or agency (including, without limitation, any IRS Revenue Procedure, Revenue Ruling, Announcement or Notice), or there is a change in interpretation of existing law, regulation or rule (collectively, a "Change in Law") causing NFP to reasonably believe, based upon the written advice of nationally recognized tax counsel, that (i) such Change in Law is, by its terms, applicable to NFP or Manager, as the case may be, and (ii) as a result of such Change in Law, one or more of the Audit Issues would be successfully raised by the IRS if an Audit were to occur, then subparagraph (c)(2)(iii) shall apply. In the event of an audit or examination of another community the member of which is the same as the member of NFP (a "Related Audit"), if NFP reasonably believes, based upon the written advice of nationally recognized tax counsel, that one or more of the issues raised in the Related Audit would be successfully raised against NFP if an Audit of NFP were to occur, then subparagraph (c)(2)(iii) shall apply.

(e) For purposes of complying with Section 4958 of the Internal Revenue Code, except for those economic benefits provided by NFP to Manager that are excluded from the gross income of Manager for income tax purposes on the basis of the provisions of chapter 1 of Subtitle A of the Internal Revenue Code, it is the intention of the parties to this Agreement to treat all economic benefits conferred by NFP on Manager hereunder as compensation in consideration of Manager's performance of services under this Agreement and shall be reported as such by the parties for income tax purposes.

#### 10.2. Termination by NFP.

10.2.1. NFP may terminate this Agreement upon the occurrence of any of the following events of default:

(a) Either (i) the failure by Manager to observe or perform any of its agreements, covenants, warranties or representations contained in this Agreement or (ii) if occupancy, employee turnover or patient health care are significantly below the level which is

consistent with the Erickson Brand, and such failure shall remain uncured for a period of forty-five (45) days after written notice thereof, specifying such failure, has been given to Manager (notwithstanding the obligation of NFP to provide forty-five days notice, if NFP believes in good faith that the best interest of the Community so requires, Manager's right to manage the Community may be suspended during the notice period, but such suspension shall not affect Manager's contract rights with respect to compensation under this Agreement); or

(b) Without notice or demand upon the commencement by Manager or any Affiliated Service Provider of a voluntary case under the federal bankruptcy laws; or

(c) Without notice or demand upon the initiation against the Manager and/or any Affiliated Service Provider of any case or proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief (including without limitation relief under the United States Bankruptcy Code) and (i) a court having jurisdiction enters a decree or order for relief against Manager or any Affiliated Service Provider as the debtor in such case or proceeding; or (ii) the case or proceeding remains undismissed for 60 calendar days; or (iii) Manager or any Affiliated Service Provider consents to or admits the material allegations against it in any such case or proceeding; or

(d) Without notice or demand upon the making of an assignment for the benefit of creditors, or the application for, consenting to, or acquiescing in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for Manager or any Affiliated Service Provider or of all or any substantial part of any of their respective properties; or

(e) Without notice or demand upon the filing of a final order or judgment and expiration of the period for appeal, granting relief under any law (other than federal bankruptcy law) relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or arrangement or the institution of any proceeding under such law against Manager or any Affiliated Service Provider; or

(f) The failure by Manager or any Affiliated Service Provider to maintain in full force and effect any licenses, permits, or other approvals required from time to time by law in order for Manager to observe or perform its warranties, agreements or responsibilities under this Agreement, if the failure shall remain uncured for a period of forty-five (45) days after any notice or knowledge of a threatened or pending lapse is received by Manager or any Affiliated Service Provider.

10.2.2. If Manager loses any material accreditation required in order for it to perform its fundamental obligations under this Agreement, then for a ninety (90) day period after the NFP's first becomes aware of such loss, NFP shall have the right to terminate this Agreement; provided, however, that such termination shall not be effective earlier than one hundred eighty (180) days after the date on which NFP delivers notice to Manager of its intention to terminate this Agreement pursuant to this Section 10.2.2.

10.2.3. If, in any two consecutive fiscal years after the date of this Agreement, EBITDAR is fifteen percent (15%) or more below the EBITDAR set forth in the Budget (provided, however, that if EBITDAR as set forth in the Budget is under Two Million Dollars (\$2,000,000), such shortfall must be at least Three Hundred Thousand Dollars (\$300,000) in each of the two years), then, for a ninety (90) day period following completion of the NFP's annual financial statements for such year, NFP shall have the right to terminate this Agreement; provided, however, that such termination shall not be effective earlier than one hundred eighty (180) days after the date on which NFP delivers notice to Manager of its intention to terminate this Agreement pursuant to this Section 10.2.3.

10.2.4. If the results of each of the annual Resident and Employee Surveys show that there is a decline in the overall satisfaction rate of more than three percent (3%) in each of two consecutive years from the following trailing average survey results:

(a) for calendar year 2014, the trailing three-year average of each of the Resident and Employee Surveys;

(b) for calendar year 2015, the trailing four-year average of each of the Resident and Employee Surveys; and

(c) for calendar year 2016, and each year thereafter, the trailing five-year average of each of the Resident and Employee Surveys,

then, for a ninety (90) day period following the receipt by NFP of the results of such annual Surveys for each such year, NFP shall have the right to terminate this Agreement; provided, however, that such termination shall not be effective earlier than one hundred eighty (180) days after the date on which NFP delivers notice to Manager of its intention to terminate this Agreement pursuant to this Section 10.2.4. 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.

The "overall satisfaction rate" shown on a Resident or Employee Survey shall be calculated as the numeric average of all scores received by NFP on such Survey for all levels of care. The overall satisfaction rate and the trailing three-, four- and five-year averages shall be rounded to one decimal place, i.e. to the nearest tenth of one percent.

In order to avoid a misunderstanding as to how this Section 10.2.4 will be applied, the parties agree that the following example properly applies the intentions of the parties: If each of the annual Resident and Employee Surveys shows an overall satisfaction rate of 90.0% for 2011, 91.0% for 2012 and 89.0% for 2013, the trailing three-year average of each such Survey in 2014 will be 90.0% (it is recognized as highly unlikely that both Surveys would have the same satisfaction rates in any year); if each of the 2014 Surveys shows an overall satisfaction rate of 86.5%, the overall satisfaction rate will have decreased by more than three percent (3%) for such year. In 2015, the trailing four-year average of each of the Surveys will be 89.1%; if each of the 2015 Surveys shows an overall satisfaction rate of 86.0% or less, i.e. a

decrease by more than three percent (3%), the termination right provided in this Section 10.2.4 shall be available to NFP.

10.3. Termination by Manager. Manager may terminate this Agreement upon the occurrence of any one of the following events of default:

10.3.1. The failure by NFP to observe or perform any of its material agreements, covenants, warranties or representations contained in this Agreement if such failure shall remain uncured for a period of forty-five (45) days after written notice thereof specifying such failure has been given to NFP; or

10.3.2. The failure by NFP to maintain in full force and effect any licenses, permits, or other approvals required from time to time by law in order for it to observe or perform its warranties, agreements or responsibilities under this Agreement, if the failure shall remain uncured for a period of forty-five (45) days after any notice or knowledge of a threatened or pending lapse is received; provided, however, that if the cause of NFP's failure is due to Manager's fault, Manager shall have no right of termination; or

10.3.3. If (i) Manager requests approval of NFP of an enhancement of the Erickson Brand in excess of that permitted by the Budget, NFP declines, and Manager reasonably believes such action will be detrimental to the Erickson Brand, or (ii) NFP requires a reduction to a program or fails to fully fund a program in accordance with Article 5, if Manager believes that such action will be detrimental to the Erickson Brand, Manager may terminate this Agreement; provided, however, that such termination shall not be effective earlier than one hundred eighty (180) days after the date on which Manager delivers notice to NFP of its intention to terminate this Agreement pursuant to this Section 10.3.3. Any termination under this Section 10.3.3 shall be without penalty.

10.4. Accounting and Assistance Upon Expiration or Termination.

10.4.1. Upon expiration or termination of this Agreement for any reason, Manager shall promptly account to NFP for all monies received and disbursed to the date of expiration or termination, after deducting therefrom all accrued but unpaid obligations with respect to the Premises incurred to the date of termination, which are not in dispute, and shall turn over to NFP all books, records, leases, license and concession agreements, vouchers, bills, and other documents referable to the Premises in Manager's possession.

10.4.2. Assistance. NFP and Manager agree that after expiration or termination of this Agreement for any reason, each shall cooperate fully with the other and their successors and assigns to the extent necessary to ensure continued operation of the Community in a manner consistent with Applicable Standards during such period as may be reasonably required to arrange for continued provision of the Management Services ("Assistance"), but, unless otherwise agreed to by Manager, such period shall not extend beyond twelve (12) months following expiration or termination of this Agreement. Assistance shall consist of the type of services provided offsite as designated by NFP which were reimbursed to Manager and included in the Community's Budget for the most recent complete calendar year preceding the termination

of this Agreement but shall not include any services that were provided by on-site personnel. NFP shall pay Manager its actual out-of-pocket costs incurred in providing such Assistance.

10.4.3 Contemporaneously with the execution of this Agreement, Manager and NFP shall execute a License Agreement in the form attached hereto as Exhibit G.

10.5. Representations. Manager represents and covenants that:

10.5.1. Manager will perform the Assistance in a professional, timely, and workmanlike manner, consistent with the professional standards of Manager's industry and in compliance in all material respects with all applicable federal, state and local laws and regulations; and as described in this Section 10; and

10.5.2. Manager has full corporate authority and sufficient rights to provide the Assistance.

10.6. Assignment of Contracts. Upon expiration or termination of this Agreement, all right, title and interest of Manager in and to any licenses, permits, qualifications, approvals, leases, residency agreements, trade contracts and/or other agreements that are necessary for the operation of the Community shall, at the option of NFP (to the extent assignable), be assigned to NFP; provided, however, that this paragraph does not apply to (a) any license to any intellectual property to the extent such intellectual property is licensed to NFP under the terms and conditions of a separate agreement between the parties, and (b) any bulk purchase or other contracts relating to multiple communities.

10.7. Records and Reports in Event of Extraordinary Proceedings. In the event a voluntary or involuntary insolvency, bankruptcy, or similar proceeding is instituted by or against Manager, or a trustee or assignee for the benefit of creditors, receiver or custodian is appointed for Manager or its assets, the obligation of Manager and all Affiliated Service Providers to provide records and reports and to permit the review of operations as set forth herein shall not abate.

## 11. INDEMNIFICATION

a. Manager will indemnify, defend and hold NFP, its officers, directors, employees and agents harmless from any claim, loss, liability, cost, damage or expense (including taxes, additions to tax, interest, penalties, fines, assessments, court costs, attorney fees and expenses of litigation) suffered by, or claimed or asserted against NFP, directly or indirectly, by any individual (including an individual employed by Manager or any Manager entity at the time of the alleged incident giving rise to the claim), corporation, general partnership, limited partnership, government (or governmental entity) or other entity of any kind or nature, arising out of or resulting from (i) the failure by Manager to institute reasonable business practices for the operation of the Community or for the performance of Manager's responsibilities under this Agreement, (ii) the negligence or willful misconduct of Manager by reason of exceeding its authority granted under this Agreement or otherwise granted to Manager by NFP, (iii) the negligence or willful misconduct of Manager in selecting, training or performing oversight and

management of either the Community Employees or Management Personnel, or (iv) the negligence or willful misconduct of the Executive Director or any Manager employee holding a position above the Executive Director. Manager will also indemnify, defend and hold NFP, its officers, directors, employees and agents harmless from any claim, loss, liability, cost, damage or expense (including court costs, attorney fees and other expense of litigation) suffered by, or claimed or asserted against NFP, directly or indirectly, by any individual employed by Manager or any affiliate of Manager at the time of the alleged incident giving rise to the claim arising out of or resulting from the negligence or willful misconduct of NFP employees.

b. NFP will indemnify, defend and hold Manager, its officers, directors, employees or agents harmless from any claim, loss, liability, cost, damage or expense (including taxes, additions to tax, interest, penalties, fines, assessments, court costs, attorney fees and expenses of litigation) suffered by, or claimed or asserted against Manager, directly or indirectly, by any individual (including, without limitation, an individual employed by NFP at the time of the alleged incident giving rise to the claim), corporation, general partnership, limited partnership, government (or governmental entity) or other entity of any kind or nature, arising out of or resulting from (i) the negligence or willful misconduct of NFP or any of its employees or agents (including, without limitation, Community Employees), or of any employee or agent of Manager (including Management Personnel) (a) acting within the scope of such employee's employment and (b) performing or attempting to perform any obligations of Manager under this Agreement, except to the extent that such claim, loss, liability, cost, damage or expense constitutes an indemnity obligation of Manager under Section 11(a); and (ii) the status of the Community Employees as employees of the NFP. NFP will also indemnify, defend and hold Manager, its officers, directors, employees and agents harmless from any claim, loss, liability, cost, damage or expense (including court costs, attorney fees and other expense of litigation) suffered by, or claimed or asserted against Manager, directly or indirectly, by any individual employed by NFP or any affiliate of NFP at the time of the alleged incident giving rise to the claim arising out of or resulting from the negligence or willful misconduct of Manager employees.

c. NFP shall have the right to engage a forensic consultant for the purpose of investigating the circumstances giving rise to a loss. Manager will cooperate with the investigation.

12. SURVIVAL OF OBLIGATIONS Notwithstanding any provisions to the contrary set forth elsewhere in this Agreement, the obligations of Manager under Sections 3.6, 10.4, 10.5, 10.6, 10.7, 11(a), 11(c), 14.6 and 14.7, and of NFP under Sections 11(b), 14.6 and 14.7 shall survive termination of this Agreement and Manager and NFP shall remain bound by the provisions thereof.

13. CONSTRUCTION OF CONTRACT

13.1. Entire Agreement. This Agreement represents the entire agreement between NFP and Manager and supersedes all prior agreements and negotiations.

13.2. Modification. No addition or modification to this Agreement is valid unless in writing and executed by the parties.

13.3. Governing Law. This Agreement is governed by the laws of the State of Maryland, and venue for any action pursuant to this Agreement shall be in the state courts sitting in Baltimore County, Maryland or the federal courts sitting in Baltimore, Maryland.

13.4. Authority to Act. With respect to any matters arising under this Agreement, Manager may rely upon actions taken by NFP's Chair, President, Treasurer or Secretary. NFP may rely upon actions taken by Manager personnel at the regional executive director level or above.

13.5. Invalid Provisions. In the event that any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the invalidity, illegality, or unenforceability shall not affect any other provision, and this Agreement shall be construed as though it had not contained the invalid, illegal, or unenforceable provision.

13.6. Waiver. Any failure by either party at any time to enforce or require the strict performance of any of the terms or conditions hereof shall not constitute a waiver of its rights and shall not affect or impair either party's right to avail itself of the remedies available for subsequent breach of such terms or conditions.

13.7. Paragraph Headings; Article, Section and Exhibit References. Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement. Unless otherwise specified, all Articles, Sections and Exhibits referenced herein are, respectively, Articles, Sections and Exhibits of this Agreement.

13.8. Gender. In this Agreement, the masculine, feminine and neutral genders shall be construed to be interchangeable and include one another to the extent such context is necessary to provide a logical or meaningful construction of the text.

13.9. Negation of Partnership, Joint Venture and Equity Interest. Nothing contained in this Agreement shall constitute or be construed to be or to create a partnership, joint venture or lease between NFP and Manager with respect to the Community or any equity interest in the Community on the part of Manager. The relationship of Manager to NFP under this Agreement is that of an independent contractor.

#### 14. MISCELLANEOUS

14.1. Marketing. NFP approves the use of the trade names, service marks and logos acquired by Manager from Erickson, and derivatives thereof, and, upon approval by NFP, (such approval not to be unreasonably withheld) of Manager's trade name, service mark and logo, in connection with any and all advertising or other marketing or promotional materials distributed by Manager in connection with its duties under this Agreement, or in connection with the marketing and development of the Community. In addition, NFP consents to the use of NFP's name, service mark, and logo in connection with any and all advertising, promotional or

marketing materials in connection with Manager's national, regional, or local marketing campaigns, including use of such marks in connection with the promotion of all, or less than all, other continuing care retirement communities managed by Manager.

Inasmuch as Manager is involved in providing marketing services to NFP and NFP recognizes the value to NFP of the Manager's trade name, service mark and logo, NFP agrees to allow Manager to use the Erickson name, service mark and logo on signage and other appropriate media in the Community.

14.2. Assignment. Neither party shall assign this Agreement or its interest therein without the written consent of the other party, which consent shall not be unreasonably withheld; *provided, however*, that a party may collaterally assign or pledge its rights hereunder to lenders (including bondholders, bond trustees, letter of credit banks and counterparties in derivative transactions) in connection with bona fide financing transactions without the consent of the other party. A merger, consolidation, sale of all or substantially all of the assets or any change of control event of a party shall be deemed an assignment. Any attempted assignment in contravention of this Section 14.2 shall be void ab initio.

14.3. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of NFP, its successors and permitted assigns, and shall be binding upon and inure to the benefit of Manager, its successors and permitted assigns.

14.4. Confidentiality. No provision of this Agreement shall be disclosed by NFP or Manager to any person, firm or corporation without a prior written approval of the other party, except that either party may disclose any provision hereof without the consent of the other party to its lenders (including its bondholders, letter of credit banks and counterparties in derivative transactions), attorneys, accountants or regulators, or to the extent necessary to comply with any statute, governmental rule or regulation, subpoena or court order to which such party may be subject.

14.5. Standard. In performing all of its duties under this Agreement, Manager shall so perform at a level which complies with the standard of a reasonably diligent manager under the circumstances.

14.6. Arbitration.

a. Any dispute, claim or controversy of any kind between the parties arising out of this Agreement or involving the interpretation or application of any provision of this Agreement shall be submitted to arbitration within 50 miles of the Community, in accordance with the commercial arbitration rules of the American Arbitration Association; provided, that (a) each party shall be required to submit its proposed resolution of such dispute, claim or controversy in writing to the arbitrator(s) after the presentation of evidence at the arbitration hearing; and (b) the arbitrator(s) may render a decision adopting in full one or the other of such proposed resolutions. However, compromises or alternative resolutions may be considered and allowed by the arbitrator(s). There shall be no award of punitive or exemplary damages. The parties jointly shall agree on three arbitrators. If the parties are unable to agree in good faith



within a reasonable time on the selection of arbitrators, either party may request appointment of arbitrators by the American Arbitration Association. The arbitration decision shall be final and binding on both parties unless the arbitration is fraudulent or so grossly erroneous as to necessarily imply bad faith. Either party may raise the issue of fraud or gross error in a court proceeding. General costs of arbitration (arbitration fees, location costs, etc., excluding attorney and expert fees) are to be shared by both parties equally, provided that a majority of the arbitrators may choose to award general costs of arbitration against the losing party if the arbitrators determine that the position urged by the losing party was not reasonable. All settlement negotiations and arbitration proceedings are to be confidential.

b. In addition to discovery allowed under the Rules of the American Arbitration Association, each party shall promptly provide copies of documents reasonably requested by the other and shall promptly respond to requests for admissions and written interrogatories requested by the other, which requests and interrogatories shall not exceed 30 in number (including subparts) except as may be allowed by the arbitrators upon a showing of good cause. The arbitrators shall decide any disagreement relating to discovery. Each party may take the deposition of up to five (5) individuals without prior approval of the arbitrators. Additional oral depositions may be taken upon good cause shown and the approval of the arbitrators. Reasonable Protective Orders prohibiting disclosure of documents except to parties, their attorneys, the arbitrators, or others such as experts who have a need to review the documents in connection with the arbitration, may be issued by the arbitrators.

c. In the event a party necessary to a complete resolution of the matter cannot be joined in the arbitration the matter shall be resolved in a Maryland court (state or federal) of appropriate jurisdiction.

14.7. Notice. Any notice required to be given under this Agreement shall be mailed or delivered, addressed, as the case may be, to NFP, c/o National Senior Campuses, Inc., P.O. Box 21172, Baltimore, Maryland 21228, Attention: President, with a copy sent to its counsel, Herman B. Rosenthal, Esquire, Whiteford, Taylor & Preston L.L.P., Seven St. Paul Street, Baltimore, Maryland 21202-1636 and to Manager at 701 Maiden Choice Lane, Catonsville, Maryland 21228, Attention: General Counsel, with a copy sent to Redwood Capital Investments, LLC, 7301 Parkway Drive, Hanover, Maryland 21076, Attention: Randall Sones, Esq., or to such other addresses as such party may designate by notice given to the other as provided in this paragraph. All payments required to be made by NFP to Manager under this Agreement shall be deposited to Manager's operating account at the financial institution specified by Manager in writing from time to time, and all statements and other documents required to be furnished and delivered to NFP by Manager shall be delivered either by hand or by regular mail at the address designated in this paragraph.

14.8. Exhibits. The following exhibits are attached hereto and are incorporated herein by reference:

Exhibit A	Insurance Requirements
Exhibit B	Partial Listing of Centralized Services
Exhibit C	Monthly Management Fee

Exhibit D	Affiliated Service Providers
Exhibit E	Mission
Exhibit F	Contract Execution Policy
Exhibit G	Form of License Agreement
Exhibit H	Description of Property
Exhibit I	Alternate Terms

WITNESS: ANN'S CHOICE, INC.

By: _____	By: _____
	Name: _____
	Title: _____

WITNESS: REDWOOD-ERC MANAGEMENT, LLC

By: _____	By: _____
	Name: _____
	Title: _____

**EXHIBIT A**  
**INSURANCE REQUIREMENTS**

Manager shall obtain and maintain in its own name insurance required to be maintained by NFP under the Master Lease as follows:

Part I (NFP Insurance)

Part II (Manager Insurance)

**EXHIBIT B**  
**PARTIAL LISTING OF CENTRALIZED SERVICES**

Accounting  
Activities  
Administration  
Admissions  
Corporate Compliance  
Engineering Services  
Food Service & Dietary  
General Services  
Grounds and Maintenance  
Health Care  
Housekeeping & Laundry  
Human Resources  
Information Services  
Marketing/Remarketing  
Medical/nursing care and other programs required by the  
Residents of the Community's skilled nursing facility.  
Nursing Home Administration  
Pastoral Care  
Physician Services (Senior Campus Physicians)  
Resident communications such as newsletters  
Resident handbooks  
Resident Life  
Resident satisfaction and quality assurance  
Resident utilities including water, electricity, sewer, heating and  
air conditioning, and basic cable  
Security  
Transportation  
Wellness and health monitoring program



### **EXHIBIT C** **MONTHLY MANAGEMENT FEE**

1. Subject to the other provisions of this Exhibit C and Section 4.3.1, until the Community has achieved Maturity and the Monthly Fee is determined in accordance with Section 2 of this Exhibit C, the "Monthly Fee" shall be equal to the sum of the Pre-Maturity Base Fee and the Pre-Maturity Incentive Fee, which shall be determined as follows:

The "Pre-Maturity Base Fee" for 2010 will be [\$\_\_\_\_\_ per month] *[Calculated as 90% of the applicable percentage of Occupancy Fees from the grid below, based on the projected Occupancy Rate at the Community on which the Budget is based as of the date of this Agreement.]*. Each year thereafter, the Pre-Maturity Base Fee will increase by the increase in the Consumer Price Index (All Items) for the Baltimore-Towson Metropolitan Statistical Area for the previous calendar year.

The "Pre-Maturity Incentive Fee", not to exceed 25% of the applicable Pre-Maturity Base Fee, will be an amount equal to the excess, if any, of (x) the amount of the applicable percentage of the total actual Occupancy Fees for each month, based on the table below, over (y) the applicable Pre-Maturity Base Fee. Prior to the audit required by Section 4.3.1, the Pre-Maturity Incentive Fee shall be based on projected Occupancy Fees as set forth in the Budget.

Occupancy Rate		Pre-Maturity Base Fee (% of Occupancy Fees)		Pre-Maturity Incentive Fee (% of Occupancy Fees)	
Lower	Upper	ILU	RG	ILU	RG
<87%	88.99%	3.00%	4.00%	3.00%	4.00%
89.00%	89.99%	3.20%	4.00%	3.20%	4.00%
90.00%	90.99%	3.40%	4.00%	3.40%	4.00%
91.00%	91.99%	3.60%	4.00%	3.60%	4.00%
92.00%	92.99%	3.80%	4.00%	3.80%	4.00%
93.00%	93.99%	4.00%	4.00%	4.00%	4.00%
94.00%	94.99%	4.25%	4.00%	4.25%	4.00%
95.00%	95.99%	4.50%	4.50%	4.50%	4.50%
96.00%	96.99%	4.75%	4.50%	4.75%	4.50%
97.00%	97.99%	5.00%	4.50%	5.00%	4.50%
98.00%	98.99%	5.25%	4.50%	5.25%	4.50%
99.00%	100.00%	5.25%	4.50%	5.25%	4.50%

2. Subject to Section 4.3.1, beginning January 1 in the year following the year in which the Community has achieved Maturity, the "Monthly Fee" shall be determined as follows:

NFP will pay Manager a Monthly Fee in cash equal to the sum of: (i) one-twelfth (1/12) of the Post-Maturity Base Fee (defined below) per month, and (ii) one-twelfth (1/12) of the Post-Maturity Incentive Fee (defined below) per month.

The "Post-Maturity Base Fee" will be established as of January 1 of the year following the year in which the Community has achieved Maturity, and will be a fixed fee set as a single dollar amount calculated as 90% of the applicable percentage of Occupancy Fees from the scale below, based on the projected Occupancy Rate at the Community on which the Budget is based as of January 1 of the year following the year in which the Community has achieved Maturity. Each year thereafter, the Post-Maturity Base Fee will increase by the increase in the Consumer Price Index (All Items) for the Baltimore-Towson Metropolitan Statistical Area for the previous calendar year.

The "Post-Maturity Incentive Fee", not to exceed 25% of the applicable Post-Maturity Base Fee, will be an amount equal to the excess, if any, of (x) the amount of the applicable percentage of the total actual Occupancy Fees for each month, based on the table below, over (y) the applicable Post-Maturity Base Fee.

Occupancy Rate		Post-Maturity Base Fee (% of Occupancy Fees)		Post-Maturity Incentive Fee (% of Occupancy Fees)	
Lower	Upper	ILU	RG	ILU	RG
<87%	88.99%	3.00%	4.00%	3.00%	4.00%
89.00%	89.99%	3.20%	4.00%	3.20%	4.00%
90.00%	90.99%	3.40%	4.00%	3.40%	4.00%
91.00%	91.99%	3.60%	4.00%	3.60%	4.00%
92.00%	92.99%	3.80%	4.00%	3.80%	4.00%
93.00%	93.99%	4.00%	4.00%	4.00%	4.00%
94.00%	94.99%	4.25%	4.00%	4.25%	4.00%
95.00%	95.99%	4.50%	4.50%	4.50%	4.50%
96.00%	96.99%	4.75%	4.50%	4.75%	4.50%
97.00%	97.99%	5.00%	4.50%	5.00%	4.50%
98.00%	98.99%	5.25%	4.50%	5.25%	4.50%
99.00%	100.00%	5.25%	4.50%	5.25%	4.50%

**EXHIBIT D**  
**AFFILIATED SERVICE PROVIDERS**

**ERICKSON ADVANTAGE  
REDWOOD-ERC SENIOR CARE, LLC  
SENIOR CAMPUS PHYSICIANS  
REDWOOD-ERC DEVELOPMENT, LLC**



**EXHIBIT E**  
**MISSION**

*[To be inserted]*

**EXHIBIT F**  
**CONTRACT EXECUTION POLICY**

*[To be inserted]*

**EXHIBIT G**  
**FORM OF LICENSE AGREEMENT**

**See attached**

**EXHIBIT H**  
**DESCRIPTION OF PROPERTY**

**See attached**

**EXHIBIT I**  
**ALTERNATE TERMS**

1. *Term of Agreement:* Five (5) years (but in any event not longer than the original term of the Agreement), with an option of NFP to terminate, without penalty or cause, on or after three (3) years.

2. *Management Fees (if the Community does not have bonds):* Subject to Section 4.3.1, the management fee will be a fixed amount equal to five percent (5%) of the Community's projected Occupancy Fees.

3. *Management Fees (if the Community has bonds):* Subject to Section 4.3.1., the management fee will consist of:

(a) A base fee (the "Alternate Base Fee"), set forth as a single dollar amount fixed for the remaining term of the Agreement, equal to (x) 2.5% of Occupancy Fees for Independent Living Units, plus (y) 4.0% of Occupancy Fees for Assisted Living Units and Nursing Units, in each case based on the projected Occupancy Rate at the Community on which the Budget is based;

(b) If the Occupancy Rate with respect to Independent Living Units is in excess of 90%, an additional fee (the "Alternate Additional ILU Fee"), equal to the excess, if any, of (i) (x) Occupancy Fees actually received from Residents with respect to the Independent Living Units, multiplied by (y) the applicable percentage from the "ILUs" column in the table below; over (ii) the portion of the Alternate Base Fee described in Section 3(a)(x) of this Exhibit I; and

(c) If the Occupancy Rate with respect to the Assisted Living Units and Nursing Units is in excess of an Occupancy Rate of 94%, an additional fee (together with the Alternate Additional ILU Fee, the "Alternate Additional Fees"), equal to the excess, if any, of (i) (x) Occupancy Fees actually received from Residents with respect to the Assisted Living Units and Nursing Units, multiplied by (y) the applicable percentage from the "HEALTHCARE" column in the table below; over (ii) the portion of the Alternate Base Fee described in Section 3(a)(y) of this Exhibit I.

OCCUPANCY RANGE	ILUs	HEALTHCARE
Not more than 90%	2.50%	N/A
More than 90%, but not more than 92%	3.25%	N/A
More than 92%, but not more than 94%	3.75%	4.00%
More than 94%, but not more than 95%	4.25%	4.50%
More than 95%, but not more than 96%	4.75%	4.50%
More than 96%, but not more than 97%	5.00%	4.50%
More than 97%	5.50%	4.50%

Notwithstanding anything to the contrary herein, the aggregate of the Alternate Additional Fees shall not exceed the Alternate Base Fee in any year.

4. It is intended that the Alternate Terms of this Exhibit I shall comply with the requirements of Section 5.03(4) of IRS Rev. Proc. 97-13. Such Alternate Terms will be applied, and any necessary changes will be made to the Agreement, by the parties in order to achieve compliance.

Exhibit F

Bank Accounts Included in Purchased Assets

EASTM2647302.60

**TRANSACTION BANK ACCOUNTS**

The following accounts at PNC Bank, National Association are intended to be Purchased Assets under the Definitive Agreement:

Description of Account	Last 4 Digits of Account Number
ASH Borrowers Collateral	9935
ASH Lockbox	2019
ASH Operating	3542
CON Borrowers Collateral	3695
CON Lockbox	3687
CON Operating	1876
COL Campus Op	9505
HOU Borrowers Collateral	2086
HOU Operating	6239
Kansas Borrowers Collateral	2027
KAS Lockbox	3614
KAS Operating	3382
LTL Operating	6247
Novi Campus Borrowers Collateral	7955
Novi Lockbox	7589
Novi Operating	7597
PVC Operating	4358
PVC Sales Info	7852
TFC Operating	4648



WMC Operating	4471
---------------	------

This list is provided for informational purposes, is not intended to identify all of the Purchased Assets, and may be revised.