

**FIRST AMENDMENT  
TO  
SECOND AMENDED AND RESTATED  
MASTER PURCHASE AND SALE AGREEMENT**

**THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED MASTER PURCHASE AND SALE AGREEMENT** (this “Amendment”) is effective as of April 16, 2010 between **REDWOOD-ERC SENIOR LIVING HOLDINGS, LLC**, a Maryland limited liability company (“Redwood”), and **ERICKSON RETIREMENT COMMUNITIES, LLC**, a Maryland limited liability company (“ERC”).

**WHEREAS**, reference is made to the Second Amended and Restated Master Purchase and Sale Agreement effective as of February 16, 2010 among Redwood, Redwood-ERC Management, LLC, Redwood-ERC Development, 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, ERC, 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, Warminster Campus, L.P., Hingham Campus, LLC, Lincolnshire Campus, LLC, Naperville Campus, LLC, Point View Campus II, LLC, Senior Campus Care, LLC, and Erickson Construction, LLC (the “MPSA”);

**WHEREAS**, capitalized terms used but not defined in this Amendment shall have the meaning assigned thereto in the MPSA;

**WHEREAS**, the Parties desire to make certain amendments to the MPSA, as set forth herein; and

**WHEREAS**, Section 11.4 of the MPSA provides that the MPSA may be amended by a written instrument executed by Redwood and ERC.

**NOW, THEREFORE**, in consideration of the foregoing recitals (which are incorporated into this Amendment by reference and made a part hereof) and the mutual covenants and agreements set forth herein, Redwood (for itself and the other Redwood Parties) and ERC (for itself and the other Erickson Parties), intending to be legally bound, agree as follows:

**1.0     Amendments.**

1.1     ***Assumption by Redwood Parties of Certain Obligations With Respect to Warminster.***  
The following is added as new subsection (iii) of Section 2.3(a) of the MPSA:

“(iii)   The applicable Redwood Parties shall, on the terms set forth in the Plan, assume, ratify and/or reinstate (X) the Liens and Liabilities relating to Warminster and/or Ann’s Choice Bonds (as defined in the Plan) designated by the Plan to be assumed, ratified and/or reinstated, as modified by mutual agreement of the applicable Redwood Parties and the counterparty(ies) thereto, and (Y) those agreements relating to Warminster and/or the Ann’s Choice Bonds designated by the Plan to be assumed, ratified and/or reinstated, as modified by mutual agreement of the applicable Redwood Parties and the counterparty(ies) thereto.”

1.2 ***Closing Deliveries Relating to Warminster.*** Section 4.2(a)(x) of the MPSA is hereby amended and restated as follows:

“(x) Warminster Owner shall execute and deliver to Ann’s Choice, Inc. such other documents as are necessary to implement the treatment for Warminster and the Ann’s Choice Bonds set forth in the Plan.”

1.3 ***Revised Terms of Options to Acquire Certain Additional Assets.***

1.3.1 Section 1.1(tt) of the MPSA is hereby amended and restated as follows:

“(tt) ‘Option Period’ means the period beginning on the Closing Date and ending at 11:59 p.m. on the ninetieth (90th) day following the Closing Date.”

1.3.2 Sections 2.5(a), 2.5(b), 2.5(c), 2.5(d), 2.5(e) and 2.5(f) of the MPSA are each hereby amended by deleting the word “exclusive” therein, and inserting in lieu thereof the word “non-exclusive” and by inserting the following introductory statement to Section 2.5: “To the extent otherwise consistent with the Plan:”.

1.3.3 Sections 2.5(g) and 2.5(h) of the MPSA are hereby deleted.

1.4 ***Acquisition of Cedar Crest Receivable.***

1.4.1 The following is added as new subsection (o) of Section 2.1 of the MPSA:

“(o) PV Owner shall grant, sell, assign, transfer and deliver to Redwood, and Redwood shall purchase from PV Owner, all accounts receivable, notes receivable, rights to reserve accounts, rights to initial entrance deposits, and other rights to payment of PV Owner, and all accounts relating to, and Contracts evidencing, the foregoing (collectively, the ‘Cedar Crest Receivable’).”

1.4.2 The parenthetical at the end of Section 2.1(m) of the MPSA is hereby deleted and the following is inserted in lieu thereof:

“(collectively, the ‘SCC Assets’ and, together with the Ashburn Assets, the Concord Assets, the Dallas Assets, the Houston Assets, the Kansas Assets, the Littleton Assets, the Novi Assets, the Tinton Falls II Assets, the Construction Assets, the ERC Assets and the Cedar Crest Receivable, collectively the ‘Purchased Assets’).”

1.4.3 The period at the end of Section 2.4(h) of the MPSA is deleted, and “; or” is inserted in lieu thereof. The following is inserted as new subsection (i) of Section 2.4 of the MPSA:

“(i) any Liability of PV Owner.”

1.5 ***Clarification that Warranty Rights are Included in Purchased Assets.*** Section 1.1(jjj) of the MPSA is hereby amended and restated as follows:

“(jjj) ‘Transferred Claims’ means, with respect to each Seller, all of such Seller’s (i) claims and causes of action (including counterclaims and similar rights) and rights of

recovery related thereto, including avoidance actions arising under the Bankruptcy Code and director and officer liability claims; and (ii) all rights with respect to warranties (express, implied, statutory and otherwise) provided to such Seller under, or in connection with, Contracts that are nonexecutory as of the Closing Date, even if such Contracts are not expressly included as Transferred Contracts.”

**1.6     *Setoff of Debt Service Fund Against Kansas IEDs.***

1.6.1     The following is added as new Section 1.1(mmm) of the MPSA:

“(mmm) ‘Kansas Funds’ means the Debt Service Fund, the Construction Fund, the Reserve Fund, the Administrative Expense Fund and the Rebate Fund, as each is defined in the Trust Indenture between the City of Overland Park, Kansas and Manufacturers and Traders Trust Company, dated as of November 1, 2006, relating to the City of Overland Park, Kansas Transportation Development District Special Assessment Bonds Series 2006 (Tallgrass Creek Project) (the balance of such Debt Service Fund, as of the date of the First Amendment to this Agreement, includes \$814,000 transferred from the Construction Fund).”

1.6.2     Section 2.1(d) of the MPSA is hereby amended and restated as follows:

“(d)     Kansas Owner shall grant, sell, assign, transfer and deliver to Redwood Kansas, and Redwood Kansas shall purchase from Kansas Owner, all assets of Kansas Owner, free and clear of all Liens and Liabilities (except for Assumed Liabilities to be assumed by Redwood Kansas and the Liens securing such Liabilities) all assets and properties of Kansas Owner of every kind and description, wherever located, whether real, personal or mixed, tangible or intangible, owned, leased or licensed, including all real property, all Transferred Claims of Kansas Owner, all initial entrance deposits (less \$814,000 of initial entrance deposits, which shall be retained by the holders of “Kansas Construction Loan Claims” (as defined in the Reorganization Plan)) (the ‘Kansas IEDs’), all rights of Kansas Owner with respect to the Kansas Funds, and all Transferred Contracts to which Kansas Owner is a party, but not including any Excluded Assets (collectively, the ‘Kansas Assets’).”

**1.7     *Clarification that Assumed Kansas Liabilities are Subject to Final Confirmation Order.***  
Section 2.3(a)(i)(C) of the MPSA is hereby amended and restated as follows:

“(C)     With respect to Redwood Kansas, subject to the terms of the Final Confirmation Order, the Liabilities of Kansas Owner arising after the Closing with respect to the \$14,950,000 (principal amount) Transportation Development District Special Assessment Bonds, Series 2006 issued by the City of Overland Park, Kansas (the ‘Assumed Kansas Liabilities’).”

**1.8     *Treatment of Certain IEDs Refunded at Wind Crest.*** Section 3.2(b)(v) of the MPSA is hereby amended and restated as follows:

“(v)     the ‘Closing Cash Payment,’ calculated, subject to Section 8.1(a), as Three Hundred Sixty-Five Million Dollars (\$365,000,000), (A) less (x) the Purchase Price Cash Offset (if any), (y) the NSC Payment, and (z) the Post-November 27 IEDs; (B) plus One Million Seventy-Eight Thousand Dollars (\$1,078,000) (relating to the projected resale

value of certain units at the Wind Crest Retirement Community), which amount shall be for the sole benefit of the holders of the "Littleton Construction Loan Claims" (as defined in the Reorganization Plan)."

1.9 ***Clarification With Respect to Proration of Real Estate Taxes.*** Section 4.3 of the MPSA is hereby amended and restated as follows:

"4.3 **Prorations.** The following prorations relating to the Purchased Assets will be made as of the Closing Date, with ERC and its Affiliates liable to the extent that such items relate to any time period up to and including the Closing Date and Redwood and its Affiliates liable to the extent that such items relate to periods subsequent to the Closing Date, by appropriate cash payments of the applicable amounts from Redwood to ERC and/or from ERC to Redwood, as the case may be, each of which shall be made reasonably promptly after a written request therefor, accompanied by reasonable supporting documentation, is submitted to ERC by Redwood, or vice-versa as the case may be: (a) monthly rent and any additional rent or charges (including common area maintenance charges) with respect to the Leased Real Property; (b) real and personal property taxes and assessments relating to the Assets, the Leased Real Property and the Business (excluding real property taxes that any NFP is obligated to reimburse); (c) water, sewer and other similar types of taxes, and installments on special benefit assessments; (d) electric, gas, telephone and utility charges; and (e) charges under maintenance and service contracts and fees under licenses transferred to or assumed by Redwood."

2.0 **Effect of Amendment.** Except as amended hereby, the MPSA remains in full force and effect in accordance with its terms.

3.0 **Miscellaneous.**

3.1 ***Headings.*** The headings herein are for convenience only, do not constitute a part of this Amendment, and shall not be deemed to limit or affect any of the provisions hereof.

3.2 ***Governing Law.*** This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Maryland without regard to principles of conflicts of laws.

3.3 ***Counterparts.*** This Amendment may be executed in counterparts (including by facsimile or optically-scanned electronic mail attachment), each of which shall be deemed to be original, but all of which together shall constitute one and the same instrument.

\* \* \*

***The remainder of this page is left blank intentionally. Signatures follow on next page.***

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered as an instrument under seal as of the date first written above.

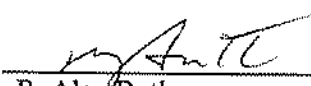
***ERC:***

ERICKSON RETIREMENT COMMUNITIES, LLC

By: \_\_\_\_\_ (seal)  
Name:  
Title:

***Redwood:***

REDWOOD-ERC SENIOR LIVING HOLDINGS, LLC

By:  \_\_\_\_\_ (seal)  
Name: R. Alan Butler  
Title: Manager