

THE SENIOR SECURED PROJECT LOANS

(a) The Parties.

PNC Bank National Association ("PNC") is the Administrative Agent (in such capacity, the "Agent") for four (4) different groups of lenders for the following four (4) separate revolving construction project loans: (a) a revolving construction project loan provided to Ashburn Campus, LLC ("Ashburn") in the originally committed principal amount of One Hundred Twenty-Five Million Dollars (\$125,000,000.00) for the construction of the Ashby Ponds Community; (b) a revolving construction project loan provided to Concord Campus, L.P. ("Concord") in the original committed principal amount of Seventy Million Dollars (\$70,000,000.00) for the construction of the Maris Grove Community; (c) a revolving construction project loan provided to Houston Campus, L.P. ("Houston") in the original committed principal amount of Fifty Million Dollars (\$50,000,000.00) for the construction of the Eagle's Trace Community; and (d) a revolving construction project loan provided to Kansas Campus LLC ("Kansas") in the original committed amount of Sixty-Five Million Dollars (\$65,000,000.00) for the construction of the Tallgrass Creek Community. PNC is also the Lender of a revolving construction project loan provided to Novi Campus, LLC ("Novi") in the original committed amount of Forty-Six Million Dollars (\$46,000,000.00), which revolving construction project loan is held by PNC for itself and for four (4) other participating banks. Ashburn, Concord, Houston, Kansas and Novi are collectively referred to as the "Senior Secured Project Loan Borrowers". The above-described five (5) revolving construction project loans are hereafter collectively referred to as the "Senior Secured Project Loans". The aggregate sum of the unpaid principal balances of the Senior Secured Project Loans issued and outstanding letters of credit is Two Hundred Sixty Four Million Six Hundred Fifty Four Thousand Nine Dollars and Seventy-One Cents (\$264,654,009.71).

Twenty-eight (28) different lending institutions (collectively, the "Senior Secured Project Loan Lenders") participated in the extension of the Senior Secured Project Loans to the Senior Secured Project Loan Borrowers. The Senior Secured Project Loan Lenders run the gamut of financial institutions ranging from large national institutions to small community banks scattered across the country. The constituency of each group of Senior Secured Project Loan Lenders for each Senior Secured Project Loan is diverse from the constituencies of the other groups of Senior Secured Project Loan Lenders for the other Senior Secured Project Loans, although some Senior Secured Project Loan Lenders participate in more than one Senior Secured Project Loan.

Pursuant to Guaranty Agreements, Erickson Retirement Communities, LLC guarantees the repayment and performance of each of the Senior Secured Project Loans to the respective Senior Secured Project Loan Lenders. Additionally, Erickson Group, LLC ("Group") and Concord Campus GP, LLC guarantees the repayment and performance of the Senior Secured Project Loan extended to Concord, and Group guarantee the Senior Secured Project Loans extended to Houston and Novi.

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(b) The Senior Secured Project Loan Documents.

The structure and terms of the loan documents evidencing and securing each of the Senior Secured Project Loans (collectively, the "Senior Secured Project Loan Documents") are substantially similar in most material respects to the structure and terms of the loan documents evidencing and securing each of the other Senior Secured Project Loans. (All of the Senior Secured Project Loan Documents will be made available to the Court). Each Senior Secured Project Loan is evidenced by a Construction Loan Agreement pursuant to which the Senior Secured Project Loan Lenders of such Senior Secured Project Loan provide the respective Senior Secured Project Loan Borrower a revolving loan and credit facility to be used *inter alia* for: (a) the acquisition or refinancing of the land for the subject community; (b) the funding of construction costs of the community; (c) the issuance of letters of credit in connection with the development of the community; (d) the funding of interest due with respect to the Senior Secured Project Loan; and (e) advances to the Senior Secured Project Loan Borrower to be re-loaned by the Senior Secured Project Loan Borrower to the not for profit tenant of the community (each, a "Tenant") for the Tenant's working capital needs pursuant to a revolving working capital facility (each a "Working Capital Facility") provided by the Senior Secured Project Loan Borrower to the Tenant.

(c) The Repayment Terms of The Senior Secured Project Loans.

Each Senior Secured Project Loan is evidenced by a Revolving Loan Note that provides for the repayment of its principal balance in two (2) payments scheduled for each month, each in the amount of "one hundred percent (100%) of all Initial Entrance Deposits" ("IEDs") which are either "deposited in the Trust Account" or "otherwise loaned to Borrower (referring to the respective Senior Secured Project Loan Borrower) by Tenant" and also by "one hundred percent (100%) of all payments (principal and interest)" received by the Senior Secured Project Loan Borrower from the Tenant upon the Working Capital Facility provided to it by the Senior Secured Project Loan Borrower. Each Senior Secured Project Loan has a final maturity of seven (7) years with a ninety (90) day call period (at the option of the Senior Secured Project Lenders) during the third year of its term.

(d) The Collateral Securing The Senior Secured Project Loans.

Summary of Collateral. The Senior Secured Project Loans are each secured by first priority security interests and liens in all of the assets of the respective Senior Secured Project Loan Borrowers and first priority liens and pledges in one hundred percent (100%) of all of the equity interests of the respective Senior Secured Project Loan Borrower. Additionally, ERC granted first priority security interests for the benefit of the Senior Secured Project Loan Lenders in and to all interests and rights of ERC that ERC has in the Senior Secured Project Loan Borrowers, their respective assets, and the assets of ERC to the extent that ERC's assets are located at, used in connection with, or which relate or arise solely from each community or to the development, financing and operation of the community. The Tenant and the Senior Secured Project Loan Borrower for each community agreed that all IEDs received by the Tenant would be held in a Trust

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Account for the benefit of the respective Senior Secured Project Lenders as an "intended source of repayment" of the applicable Senior Secured Project Loan. The Tenant and the Senior Secured Project Loan Borrower for each community each granted a security interest for the benefit of the applicable Senior Secured Project Loan Lenders in the IEDs and other funds held in the Trust Account for such community. The Senior Secured Project Borrowers additionally reassigned and pledged for the benefit of the Senior Secured Project Lenders in order to secure the respective Senior Secured Project Loans all of the security interests, liens and other rights that were granted by the respective Tenants to the respective Senior Secured Project Loan Borrowers to secure the Tenants' obligations under the Community Loan Documents, the Working Capital Loan Documents, and the Master Lease and Use Agreement.

1. Pledge of 100% Of Equity Interests In Senior Secured Project Loan Borrower To Senior Secured Project Lenders. Each Senior Secured Project Loan is secured by a first priority security interest in and to and pledge of one hundred percent (100%) of all equity interests (which depending upon the form of business entity of the respective Senior Secured Project Loan Borrower constitute either membership interests or partnership interests) of the applicable Senior Secured Project Loan Borrower and in all distributions, dividends, or proceeds of such equity interests. Depending upon the form of business entity of the applicable Senior Secured Project Loan Borrower, the granting of the security interests and pledges is pursuant to either a Membership Interest Pledge Agreement or a Partnership Interest Pledge Agreement, with the accompanying filing of financing statements.
2. Pledge of Real Property, Improvements, Fixtures, Leases And Rents. The Senior Secured Project Loans are secured by first priority mortgage liens and security interests in and to all of the real property, improvements, and fixtures comprising the subject community, and in all leases, rents and profits arising from such property, all in accordance with either a Deed of Trust or Mortgage instrument, an Assignment of Rents and Leases, and accompanying financing statements.
3. Pledge By ERC And Pledge By Senior Secured Project Loan Borrowers of Management Agreements, Development Agreements, Residence And Care Agreements, Leases, Community Loan Documents And Working Capital Loan Documents And All Proceeds of Community Loan Documents. The Senior Secured Project Loans are each secured by a Security Agreement, Pledge, And Collateral Assignment of Licenses and Residence And Care Agreement (each a "Security Agreement"), pursuant to which the applicable Senior Secured Project Loan Borrower and ERC each agree to secure the applicable Senior Secured Project Loan by granting first priority pledges and security interests in and to all of the applicable Senior Secured Project Loan Borrower's and ERC's respective interests in the Management Agreements (including all extensions, replacements and substitutes) between the applicable Tenant and ERC (or any future manager of the community) for the subject communities, the Master Lease And Use Agreement between the applicable Senior Secured Project Loan Borrower and its Tenant, the Working Capital Loan Documents between the applicable Senior Secured Project Loan Borrower and its Tenant, and the "Community Documents" (any and all documents

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and agreements (including the Development Agreements) by and between or among any of the Senior Secured Project Loan Borrower, the Tenant, ERC (or any successor manager) and the Residents relating to the construction, leasing, occupancy and/or operation of the applicable community) and the proceeds of all loans which either the applicable Senior Secured Project Loan Borrower or ERC is entitled to receive under the Community Loan Documents.

4. Pledge By Senior Secured Project Loan Borrowers Of Accounts, Equipment, Fixtures, Inventory, General Intangibles, Licenses, Cash And Deposits, Bank Accounts, Instruments, Documents, Goods, Investment Property And Supporting Obligations. Each Senior Secured Project Loan Borrower granted for the benefit of the respective Senior Secured Project Loan Lenders in accordance with the terms of a Security Agreement (and accompanying financing statements) continuing first prior security interests in and to all of its accounts, equipment, fixtures, inventory, general intangibles, licenses, cash and deposits, bank accounts, instruments, documents, goods, investment property and supporting obligations.
5. Pledge By ERC Of Accounts, Equipment, Fixtures, Inventory General Intangibles, Licenses, Cash And Deposits, Bank Accounts, Instruments, Documents, Goods, Investment Property And Supporting Obligations. ERC granted for the benefit of the Senior Secured Project Lenders for each Senior Secured Project in accordance with the terms of a Security Agreement (and accompanying financing statements) continuing first prior security interests in and to all of ERC's accounts, equipment, fixtures, inventory, general intangibles, licenses, cash and deposits, bank accounts, instruments, documents, goods, investment property and supporting obligations, which are located at, used solely in connection with or relate solely to, or arise solely from the subject community, and the development, financing, and operation of the community (excluding certain computer systems).
6. Assignment Of Project Documents. Pursuant to Collateral Assignments Of Project Documents, each Senior Secured Project Borrower and ERC granted security interests for the benefit of the respective Senior Secured Project Lenders and assigned for the benefit of the respective Senior Secured Project Lenders, all architectural, engineering, and similar plans, specifications, drawings and reports, all design, construction, operation and maintenance contracts, all sewer taps, allocations, utility agreements and letters of credit relating to the subject community and all design, marketing and construction concepts for the subject community.
7. Pledge To Senior Secured Project Lenders Of Liens And Rights Of Senior Secured Project Borrowers In The Assets And Property Rights Of The Tenants. Pursuant to a Security Agreement, Pledge And Collateral Assignment Of Licenses and Residence And Care Agreements (each a "Tenant Security Agreement") from each Tenant of each community to the respective Senior Secured Project Loan Borrower that is the landowner of such community, each Tenant granted to the respective Senior Secured Project Loan Borrower a security interest and assignment in and to all of the assets of the Tenant of every kind, including without limitation all inventory, accounts, general

intangibles, chattel paper, equipment, fixtures, licenses, residence and care agreements, cash, deposits, bank accounts, documents, instruments, investment property, support obligations and Entrance Deposits (including IEDs). All of such lien rights and security interests of each respective Senior Secured Project Loan Borrower in the assets of its respective Tenant were in turn pledged and reassigned by such Senior Secured Project Loan Borrower to the respective Senior Secured Project Loan Lenders in accordance with the terms of the Security Agreements. Each Tenant consented to such assignments and pledges by executing a consent (each a "Consent") to the assignment and granting of the liens and security interests by the applicable Senior Secured Project Loan Borrower to its respective Senior Secured Project Loan Lenders of all rights granted to it by its respective Tenant under the respective Tenant Security Agreement.

8. Pledge of IEDs to Secure Senior Secured Project Loans. The IEDs received by each Tenant for each community that secures a Senior Secured Project Loan have been pledged to the respective Senior Secured Project Lenders in accordance with the following documents:

- (i) Trust Agreements For Initial Deposits. Each Senior Secured Project Loan Borrower entered into a Trust Agreement For Initial Entrance Deposits (each a "Trust Agreement") with the Tenant for its respective community pursuant to which the Senior Secured Project Loan Borrower and Tenant agreed *inter alia* that: (A) IEDs received by the Tenant would be deposited by the Tenant into a "Trust Account" as "Trust Funds"; (B) the IEDs are the "intended source of repayment" of the applicable Senior Secured Project Loans; (C) the Tenant and the Senior Secured Project Loan Borrower each granted security interests in the IEDs being held as Trust Funds pursuant to the Trust Agreement; and (D) all Trust Funds deposited in the Trust Account are deemed to constitute loan advances by the Tenant to the Senior Secured Project Loan Borrower under the terms of the Community Loan Agreement (without limiting or impairing the obligations of the Tenant to hold the Trust Funds in trust for the Agent).

- (ii) Security Agreements. Each Senior Secured Project Loan Borrower granted for the benefit of its Senior Secured Project Loan Lenders in accordance with the terms of a Security Agreement a security interest and assignment of all of its interest in the Community Loan Documents and all proceeds of all loans and advances to which it is entitled under the Community Loan Documents (including advances from proceeds of the IEDs as contemplated by the Trust Agreement).

- (iii) Tenant Security Agreements. Each Tenant granted for the benefit of the respective Senior Secured Project Loan Borrower a security interest and assignment in and to all Entrance Deposits (including IEDs), which security interest and assignment was then in turn pledged and reassigned by such Senior Secured Project Loan Borrower to its respective Senior Secured Project Loan Lender in accordance with a Security Agreement and a Consent.

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(e) Subordination Agreements.

The following agreements of subordination were provided by the parties described below for the benefit of the Senior Secured Project Loan Lenders:

1. Tenant Subordination Agreements. Each Tenant for each community executed and delivered a Tenant Subordination Agreement for the benefit of the Senior Secured Project Loan Lenders holding mortgage liens against such community whereby the Tenant agreed that the Master Lease And Use Agreement for such community was subordinate, subject, and inferior to the mortgage liens of the Senior Secured Project Loan Lenders.
2. Subordination Agreements (Tenants/Community Loans). Each Tenant for each community financed by a Senior Secured Project Loan executed and delivered a Subordination Agreement, whereby it subordinated to the respective Senior Secured Project Loan all obligations owed to the Tenant by the respective Senior Secured Project Loan Borrower and any of the Guarantors with respect to loans made in accordance with a Community Loan Agreement, and all other past, present, and future indebtedness of any nature, including all obligations under the Community Loan Documents.
3. Subordination Agreement (General Contractor). Erickson Construction, LLC (“Contractor”) executed and delivered a Subordination Agreement with respect to each Senior Secured Project Loan pursuant to which it subordinated to the respective Senior Secured Project Loan all past, present and future indebtedness owed to it by a Senior Secured Project Loan Borrower or Guarantor with respect to the “Retirement Community” referenced therein.
4. Tri-Party Agreements. Each subordinated mezzanine lender or subordinated ground lessor, as the case may be, executed and delivered either a Subordination And Standstill Tri-Party Agreement or Ground Lessor Tri-Party Agreement pursuant to which it subordinated its rights, liens, and interests in the collateral pledged to it by the respective Senior Secured Project Loan Borrower to the respective Senior Secured Project Loan and the rights of the respective Senior Secured Project Loan Lenders in such collateral.
5. Subordination of Liens Securing Corporate Revolving Credit Facility Agented By Wilmington Trust FSB. The Security Agreement dated July 26, 2007 from Erickson Retirement Communities, LLC and Erickson Construction, LLC securing the repayment of the corporate revolving credit facility currently agented by Wilmington Trust FSB provides that the security interests granted thereunder by ERC are subordinate to liens securing “Project Debt” (which definition includes all of the Senior Secured Project Loans) and is subject and subordinate to the rights of the holders of liens securing such Project Debt with respect to “Collateral” located at, used solely in connection with, or related solely to or arise solely from the subject “CCRC”, its development, financing, and operation.