

UNITED STATES BANKRUPTCY COURT

Northern District of Texas (Dallas Division)

PROOF OF CLAIM

Name of Debtor: Erickson Retirement Communities, LLC

Case Number: 09-37010

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property):

Linda Cronin

☐ Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:

20835747007793
CRONIN, LINDA
183 SOMERSET AVE
WINTHROP, MA 02152

YOUR CLAIM IS SCHEDULED AS:

Schedule/Claim ID: s2793
AMOUNT/CLASSIFICATION
\$25,345.22 UNSECURED

Court Claim Number: _____
(If known)

Filed on: _____

Name and address where payment should be sent (if different from above):

RECEIVED

JAN 13 2010

Telephone number:

619-846-1923

BMC GROUP

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed:

\$25,345.22

If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. Basis for Claim:

(See instruction #2 on reverse side.)

deferred compensation

3. Last four digits of any number by which creditor identifies debtor:

SSN # 3184
Emp ID. - 0084

3a. Debtor may have scheduled account as:

(See instruction #3a on reverse side.)

4. Secured Claim (See instruction #4 on reverse side.)

Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: \$ _____ Annual Interest Rate _____ %

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: \$ _____ Basis for perfection: _____

Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).

☒ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).

☐ Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().

Amount entitled to priority:

\$25,345.22

*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

FOR COURT USE ONLY

Date:

Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.

Erickson Ret. Comm. LLC



00440

Linda G. Cronin, R.N., DON 1-11-2010
Linda G. Cronin, R.N., Dir. of Nurses 1-11-2010

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.



June 15, 2007
Linda G Cronin
BROOK

Dear Linda,

As you are aware, the Growth Participation Plan (GPP) has undergone significant changes over the past year. We have now completed all of the necessary updates to the Plan document and collateral materials, and we are able to provide information on your personal position in the plan.

New Plan Information:

As we announced last year, we have converted the GPP from a long-term deferred compensation plan to a more current annual profit sharing arrangement. To that end, we enclose the amended GPP Plan Document along with an overview of the changes made to the plan and your grant of units. These changes are consistent with the communication received last year.

As an existing participant in the original Plan structure, you are eligible to receive the total New Participation Unit grant associated with your position in the new Plan. The total unit grant is 100 units. This grant will be issued in four installments of 25 units each over a four year period. The installments are similar to "rolling" options, and each will have a four year growth cycle. Any value that has accumulated over the four years for the installment will be paid per the terms of the restated Plan document.

The first installment of your grant of the New Participation Units was issued in 2006 and is deemed to have increased in value \$100 per New Participation Unit.

Additionally, due to your promotion in 2006, you are now eligible for an additional unit grant of 100 units. This grant will also be issued in four installments, with each equal to 25 units. The installments may accumulate value over a four year growth cycle as stated above. The first installment for your promotion is issued in 2007.

The grant issuances are evidenced by this letter. We will not be issuing separate certificates.

Original Plan Balance:

In addition to new grants under the amended plan, we are in the second year of paying out your balance accrued under the original GPP through December 31, 2005. As was discussed at the annual meeting, we are a growth company and continue to utilize our capital to start new campuses (Tall Grass Creek in Kansas City and Ashby Ponds in Virginia) in addition to supporting existing communities. We are completing the refinancing of our capital in multiple campuses and will be positioned to both fund the second installment by the end of July as well as starting our 20th community, Hickory Chase, in Ohio this fall.

Linda Cronin
Page 2

Your balance in the original plan was fixed in 2006, with one quarter paid last year. The remaining balance is earning 9% and the second payment is targeted to be paid by the end of July. Your balance is \$11,250.00 and the targeted 2007 installment, plus interest, is \$ 3,750.00. If you are not yet vested, the installment will be directed to the account at PenCal. As a reminder, the original Plan vesting remains at 5 years of service.

We will update you on this schedule as we progress through the summer. Thanks for all your support and commitment.

If you have any other questions regarding the GPP, please contact your Human Resources Department.

Sincerely,

The Plan Administrators

**ERICKSON RETIREMENT COMMUNITIES, LLC
AMENDED AND RESTATED GROWTH PARTICIPATION PLAN**

THIS AMENDED AND RESTATED GROWTH PARTICIPATION PLAN (this "Agreement") is hereby entered into by Erickson Group, LLC ("Group"), Erickson Retirement Communities, LLC ("Erickson") and by the Administrators of the Plan effective as of the 1st day of January, 2006.

RECITALS

A. Group (formerly known as Senior Campus Holdings, L.L.C.) entered into the Growth Participation Plan (the "Original Plan") effective as of September 1, 1998.

B. The Original Plan was subsequently amended numerous times (as so amended the "Current Plan").

C. Group and Erickson desire to assign Group's rights and responsibilities under the Current Plan to Erickson.

D. The Administrators, with the consent of Group and Erickson, now desire to amend and restate in its entirety the Current Plan.

NOW, THEREFORE, the Current Plan, including the Original Plan and all amendments thereto, are hereby amended and restated in its entirety as follows:

**ARTICLE I
Assignment**

1.1 **Assignment.** Group hereby assigns to Erickson all of Group's rights, duties, responsibilities and liabilities under the Current Plan, and Erickson hereby accepts such assignment. In consideration of such assignment, Erickson agrees to defend, indemnify and hold Group harmless from and against any and all claims, demands, costs or expenses incurred or expended in connection with any claims by any Participant.

**ARTICLE II
Purpose**

2.1 **Purpose.** Erickson hereby establishes the Erickson Retirement Communities, LLC Growth Participation Plan (the "Plan"). The purpose of the Plan is to promote the long-term growth and profitability of Erickson by offering long-term performance-based incentive compensation to key executives of Erickson and its Affiliates who are largely responsible for the continued financial success of Erickson. Such performance-based incentive compensation shall be based upon the award of participation units ("Participation Units"), the value of which is related to the appreciation in the value of Erickson as determined under the Plan.

(i) a merger, consolidation, share exchange, combination, reorganization, sale of equity securities, sale of membership interests or like transaction (but not a testamentary disposition or lifetime gift); or a series of like transactions in any twelve (12) month period, involving Group or Erickson in which the members of Group or Erickson, immediately following to such transaction do not own directly or indirectly at least fifty percent (50%) of the value or voting power of the issued and outstanding member interests of Group or Erickson, as applicable, or its successor;

(ii) the sale or transfer (other than as security for Group's or Erickson's obligations or by way of testamentary disposition or lifetime gift) of more than fifty (50%) of the assets or value or voting power of the issued and outstanding equity securities of Group or Erickson, as applicable, in any transaction, a series of related transactions, or a series of transactions occurring within a one-year period in which Group or Erickson, as applicable, any corporation or entity controlled by or controlling Group or Erickson, as applicable, or the members of Group or Erickson, as applicable, immediately prior to the transaction do not own at least fifty percent (50%) of the value or voting power of the issued and outstanding equity securities of the acquirer immediately after the transaction; or

(iii) any substantial complete liquidation or dissolution of Group or Erickson or distribution of Group's or Erickson's assets.

Provided, however, that a Change in Control shall not occur unless it is a "Change in Control in Section 3.1(f) to comply with Code Section 409A:

(g) "*Code*" means the Internal Revenue Code of 1986 and the regulations issued thereunder, as amended from time to time.

(h) "*Distributions*" means payments made under the Plan equal to up to 10% of the increase in the Pro Rata Value per Original Participation Unit in any given year.

(i) "*New Participation Unit*" means a Participation Unit issued from and after the effective date of this Agreement.

(j) "*Original Participation Unit*" means the Participation Units issued prior to the effective date of this Agreement, and known as "Equity Units" under the Original Plan.

(k) "*Participant*" means an individual who is eligible to participate in the Plan and who has been granted a Participation Unit pursuant to the provisions of the Plan.

(l) "*Participation Unit*" has the meaning given such term in Article II.

that the Administrators may make such modifications or terminations pursuant to section 9.5 without the consent of the holder of such Participation Units), (iv) administer the Plan, (v) make the annual valuation determination for New Participation Units in accordance with Section 6.2(e), and (vi) adopt, amend, or rescind such rules and regulations for carrying out the Plan consistent with the provisions set forth herein. Any determination of the Administrators hereunder shall be conclusive and binding on all Participants.

4.3 Limited Liability. Neither Erickson nor any Administrator or Board member shall be liable to any Participant for any action taken or decision made in good faith relating to the Plan or any Participation Unit granted thereunder.

4.4 Indemnification. The Administrators and the Board members shall be indemnified by Erickson in respect of all their activities under the Plan, to the maximum extent permitted by law and by Erickson's charter and by-laws.

4.5 Non-Uniform Determinations. The Administrator's determinations under the Plan need not be uniform and may be made by the Administrators selectively among persons who receive, or are eligible to receive, Participation Units under the Plan whether or not such persons are similarly situated.

ARTICLE V Participation

5.1 Participation. Management employees holding the title of Manager and above as depicted on Exhibit A attached hereto shall be Participants. Participation in the Plan shall be open to other employees of Erickson and its Affiliates, as may be selected by the Administrators in their sole discretion from time to time.

ARTICLE VI Participation Units

6.1 Original Participation Units.

(a) **Grant of Original Participation Units.** From and after the date hereof, no additional Original Participation Units shall be granted.

(b) **Vesting.** Participants shall first become vested for purposes of Original Participation Units on the earliest to occur of (i) Participant's completion of five (5) years of full time employment by Erickson or an Affiliate (whether before or after the effective date of the Plan) and (ii) the Participant's termination of employment (other than for Cause) by Erickson or an Affiliate within 180 days following a Change of Control. All other terminations of employment of an unvested Participant by Erickson or an Affiliate will result in all Original Participation Units held by such Participant being terminated and forfeited as well as forfeiting any and all Distributions. The Administrators, in their sole discretion, may accelerate vesting in whole or in part with respect to any Original Participation Unit at any time. Distributions shall be subject to the same vesting requirements as set forth in this Section 6.1(b). Any Distributions

Awards of New Participation Units shall be recorded in the personnel records of Erickson or its Affiliate. The Administrators may elect to issue ceremonial certificates to Participants to memorialize such grants, but in the event of any discrepancy between such certificate or Erickson or Affiliate's records, Erickson or Affiliate's records shall control.

(b) **Vesting.** Participants shall first become vested for purposes of New Participation Units upon the earliest to occur of (i) Participant's completion of four (4) years of full time employment by Erickson or an Affiliate (whether before or after the effective date of the Plan); and (ii) the Participant's termination of employment (other than for Cause) by Erickson or an Affiliate within 180 days following a Change of Control. All other terminations of employment of a Participant by Erickson or an Affiliate prior to vesting under this Section will result in all New Participation Units held by such unvested Participant being terminated and forfeited.

(c) **Pay Out.** New Participation Units shall mature and become payable to Participants in full on the fourth (4th) year anniversary of the date on which such New Participation Units are awarded. The accumulated Value of such New Participation Units shall be paid to the Participants within thirty (30) days of maturity of such New Participation Units, subject to the terms of this Plan. New Participation Units that mature following a vested Participant's termination of employment (and subject to forfeiture in accordance with Section 6.2(f) below and valuation in accordance with Section 6.2(e) below) shall be paid to the Participant, at the option of the Administrators (i) in a lump sum payment, (ii) as such New Participation Units mature, or (iii) any combination of the foregoing.

(d) **Termination.** Except as provided in Section 6.2(b) above, New Participation Units held by unvested Participants shall terminate and be forfeited in their entirety upon a Participant's termination of employment, or upon Participant's employment other than on a full time basis with Erickson or its Affiliates for any reason, unless determined otherwise by the Administrators with the consent of the Participant. In addition, unless determined otherwise by the Administrators, all New Participation Units held by a Participant (vested or unvested) shall terminate in their entirety and be forfeited, upon the Participant's termination of employment for Cause.

(e) **Valuation.** Each year following the completion of the annual audit of Erickson, the Administrators shall determine the Value of New Participation Units in accordance with the terms of the Valuation Method attached hereto as Exhibit B. Such Value shall be presented to the Board and shall be deemed approved upon Board approval. However, New Participation Units held by Participants that have left employment with Erickson or an Affiliate, or are no longer employed by Erickson or an Affiliate on a full time basis, shall not increase in value after the date such Participant left employment or become a part time employee, but may be decreased in Value, to the extent the Value of Participation Units generally are decreased prior to pay out or maturity.

(f) **Forfeiture.** Participant, by Participant's acceptance of New Participation Units, acknowledges and agrees that during the Participant's employment, and for a period of

made less than twelve months prior to the date the payment would have been made or was scheduled to commence. A fixed Payment Date may not be accelerated.

(d) **Manner of Making Elections.** All deferral elections shall be made in the manner prescribed by the Administrators and submitted no later than the date designated by the Administrators as the due date for that election. The Participant may not terminate or otherwise modify his or her deferral election at any time during the Plan Year to which it relates. A separate deferral election must be made for each Plan Year in which a payment is otherwise due under the Plan.

(e) **Deferrals of Payments Pursuant to Original Participation Units.** In accordance with the provisions of this Article VII, a Participant may make a subsequent deferral election, in accordance with Section 7.1(c) and rules established by the Administrators, to defer a percentage of any payment due pursuant to an Original Participation Unit; provided, however, that no Participant may elect to defer a payment to be made in 2006.

(f) **Establishment of Accounts.** There shall be established by Erickson a "Deferral Account" in the name of each Participant to which shall be credited or debited: (i) amounts equal to the Participant's Deferrals; (ii) amounts equal to any earnings or losses (to the extent realized, based upon fair market value of the Deferral Account's assets, as determined by the Administrators, in their sole and absolute discretion) attributable or allocable thereto; and (iii) expenses charged to the Deferral Account. Each Participant shall have the right to direct the Administrators as to how amounts in his or her Plan Account shall be invested. In the event a Participant designates a specific Payment Date for certain deferrals, those deferrals subject to that election shall be accounted for in a separate sub-account of the Participant's Deferral Account. A Participant shall at all times be 100% vested in amounts credited to his or her Participant Deferral Account.

(g) **Contributions to Accounts.** Erickson shall make the provisions for the payment of any deferred amounts to be made to the Participant's Deferral Account under this Article.

(h) **409A Transitional Election.** Notwithstanding the foregoing, and in accordance with the transitional rules under Section 409A, as set forth in Internal Revenue Service Notice 2006-79, a Participant whose payments have not begun shall be permitted to make a new payment election or change a previous payment election, provided that the Participant makes such election on or before December 31, 2007 (or such earlier date as the Administrators, in their sole discretion, may specify), and provided further any election made on or after January 1, 2006, and on or before December 31, 2006, only applies to amounts that would not otherwise be payable in 2006 and may not cause an amount to be paid in 2006 that would not otherwise be payable in 2006. With respect to an election as to the form of payment made on or after January 1, 2007, and on or before December 31, 2007, the election may apply only to amounts that would not otherwise be payable in 2007 and may not cause an amount to be paid in 2007 that would otherwise be payable in 2007.

7.4. Expenses. Expenses, including fees allocable to the administration or operation of Deferral Accounts maintained under the Plan shall be paid by Erickson, but Erickson, in its sole and absolute discretion, may elect to charge such expenses against the appropriate Participant's Deferral Account. If an expense is charged against a Participant's Deferral Account, in the sole and absolute discretion of Erickson, such expense will be charged against and shall reduce the Participant's Deferral Account hereunder.

7.5 Taxes. Any taxes allocable to a Deferral Account (or portion thereof) maintained under the Plan which are payable prior to the distribution of the Deferral Account (or portion thereof), as determined by the Administrators in their sole and absolute discretion, shall be charged against that Deferral Account as an expense of the Deferral Account, in the manner provided in Section 7.4.

7.6 Fixed Payment Dates; Separation from Service.

(a) **Scheduled in-Service Distribution.** When the Participant elects to make a deferral, a Participant may select a fixed Payment Date in the future, in accordance with the provisions of this Article VII, for the payment of the deferral that is subject to that election (as increased and decreased by earnings, losses and expenses). In the event the Participant elects a fixed Payment Date, the deferral (as adjusted by earnings, losses and expenses) shall be separately accounted for in a sub-account of the Participant's Deferral Account and shall be paid or commence to be paid to the Participant as soon as administratively feasible after the earlier of (i) the fixed Payment Date or (ii) the first day of the first calendar month beginning immediately after the calendar quarter of the Participant's Separation from Service (except in the event of a subsequent deferral election under Section 7.1(c)).

(b) **Default Election.** If the Participant has not selected a Payment Date pursuant to the Plan's terms for a specific portion or all of the Participant's Deferral Account, then those amounts shall be paid or shall commence as soon as administratively feasible after the first day of the first calendar month beginning immediately after the calendar quarter of the Participant's Separation from Service.

7.7 Separation from Service Upon a Change in Control. Upon a Change in Control, a Participant affected by that event shall not be considered to have a Separation from Service for purposes of this Plan if all of the following conditions are satisfied: (a) the Participant continues employment with either Erickson, an Affiliate or the successor; and (b) the successor agrees to assume responsibility for payment of the vested and unvested benefit obligations to the Participant accrued hereunder as of the date of the Change in Control. If either of the foregoing conditions are not satisfied, then the Participant shall be deemed to have a Separation from Service for purposes of this Plan upon the effective date of the Change in Control.

7.8 Distribution Upon Death of Participant. If a Participant dies before his fixed Payment Date or his Separation from Service, the entire undistributed value of the Participant's Deferral Account shall be paid to the person or persons designated as the Participant's Beneficiary(ies), in accordance with the provisions of Section 7.10, during the first six months following the Participant's death.

sending of a registered letter to such last known address. If the Administrators notify any Participant or Beneficiary that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make his or her location known to the Administrators within three (3) years thereafter, then, except as otherwise required by law, if the location of one or more of the next of kin of the Participant is known to the Administrators, the Administrators may direct distribution of such amount to any one or more or all of such next of kin, and in such proportions as the Administrators determine. If the location of none of the foregoing persons can be determined, the Administrators shall have the right to direct that the amount payable shall be deemed to be a forfeiture, except that the dollar amount of the forfeiture, unadjusted for deemed gains or losses in the interim, shall be paid by Erickson if a claim for the benefit subsequently is made by the Participant or Beneficiary to whom it was payable. If a benefit payable to an unlocated Participant or Beneficiary is subject to escheat pursuant to applicable state law, Erickson shall not be liable to any person for any payment made in accordance with such law.

ARTICLE VIII

Subordination

8.1 Subordination. Notwithstanding anything herein to the contrary, no payment shall be made under the Plan that would cause Erickson or any Affiliate to violate any banking agreement or loan or other financial covenant or cause a default of any indebtedness of Erickson or any Affiliate, regardless when such agreement, covenant or indebtedness was created, incurred or assumed. Any payment under the Plan that would cause such violation or default shall be deferred until, in the sole discretion of the Administrator, such payment shall no longer cause any such violation or default. Any payment deferred in consequence of the provisions of the preceding sentence shall bear simple interest from the date such payment would otherwise have been made to the date when such payment is actually made, at a rate which is equal to the prime rate of interest being generally charged by any of Erickson's existing banks from time-to-time during the period of such deferral, but in no event shall such rate of interest exceed ten percent (10%) per annum. Erickson shall pay accrued interest at the same time as it makes the payment to which such interest relates.

ARTICLE IX

Miscellaneous

9.1 Withholding of Taxes. Erickson or any Affiliate, to the extent permitted or required by law, shall have the right to deduct from any payment otherwise due to a Participant any taxes of any kind required by law to be withheld with respect to any distribution or payment under the Plan. Erickson may require, as a condition to any payment due with respect to any Participation Unit, that the Participant pay to Erickson or its Affiliate, in cash, any such taxes of any kind so required by law to be withheld.

9.2 Nontransferability. Participation Units granted under the Plan, and any rights, privileges and benefits pertaining thereto, may not be transferred, assigned, alienated, pledged or hypothecated in any manner, by operation of law or otherwise, and shall not be subject to

with respect to any rights under the Plan. Any assets set aside by Erickson, including any assets transferred to a rabbi trust or purchased by Erickson with respect to amounts payable under the Plan, shall be subject to the claims of Erickson's general creditors, and no person other than Erickson shall, by virtue of the provision of the Plan, have any interest in such assets. Neither the Plan nor any Participation Unit shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between Erickson and a Participant or any other person.

9.7 Reliance on Reports. Each member of the Board and each Administrator shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of Erickson and upon any other information furnished in connection with this Plan. In no event shall any person who is or shall have been a member of the Board or an Administrator be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information, or for any action taken, including the furnishing of information, or failure to act, if in good faith.

9.8 Arbitration. Any dispute between Erickson and a Participant relating to Participation Units shall be resolved by binding arbitration which shall be administered by the American Arbitration Association in accordance with the rules and procedures established by the American Arbitration Association.

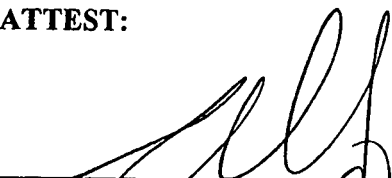
9.9 Relation to Other Benefits. No payment under this Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, deferred compensation or group insurance plan of Erickson or an Affiliate unless the Plan so provides.

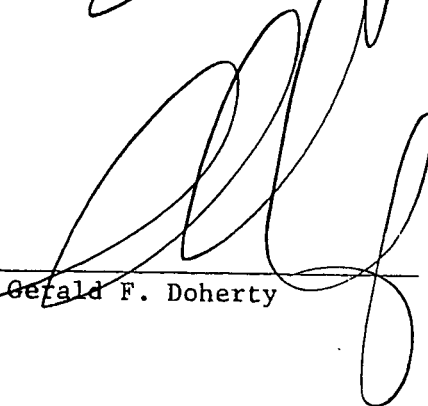
9.10 Non-Guarantee of Employment. Nothing in the Plan or a Certificate shall confer any right on an employee to continue in the employ of Erickson or an Affiliate at any particular position or rate of pay or for any particular period of time, or shall interfere in any way with the right of Erickson or an Affiliate to terminate an employee at any time with or without notice or cause.

9.11 Amendment. The Administrators may, in their sole and absolute discretion from time to time, amend the Plan, provided that no amendment shall be made without the approval of the Board that will (i) modify the provisions of the Plan relating to eligibility, or (ii) materially increase the benefits accruing to Participants under the Plan. The Administrators shall be authorized to amend the Plan (including the form of any exhibit thereto) and the Participation Units granted thereunder, provided that the rights and obligations under any Participation Units granted before amendment of the Plan shall not be materially and adversely affected by amendment of the Plan or such Participation Units (as determined in the sole and absolute discretion of the Administrators) without the consent of the holder of such Participation Unit. Notwithstanding anything herein to the contrary, the Plan may be amended by the Administrators at any time, retroactively if required, to conform the Plan to the provisions and requirements of Section 409A and any other applicable law (including ERISA and the Code). No such amendment shall be considered prejudicial to any interest of the Participant or a Beneficiary hereunder. Notwithstanding anything herein to the contrary, an officer of Erickson may adopt amendments to conform the Plan to technical changes in the law or make other ministerial changes.

IN WITNESS WHEREOF, Erickson has caused this Plan to be executed by its duly authorized officer and its seal affixed hereto, effective as of the Effective Date.

ATTEST:

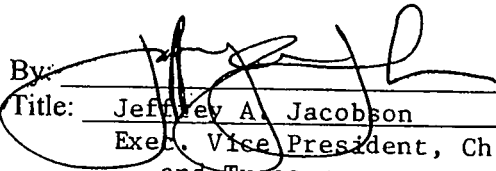

Gerald F. Doherty


Gerald F. Doherty

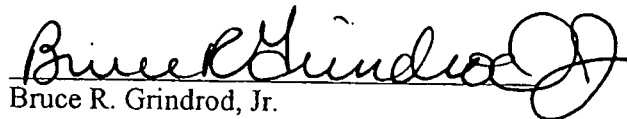
ERICKSON GROUP, LLC

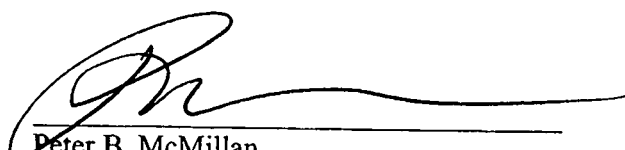
By: 
Title: Jeffrey A. Jacobson
Treasurer

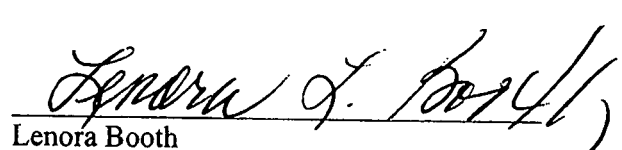
ERICKSON RETIREMENT COMMUNITIES, LLC


By: 
Title: Jeffrey A. Jacobson
Exec. Vice President, Chief Financial Officer
and Treasurer

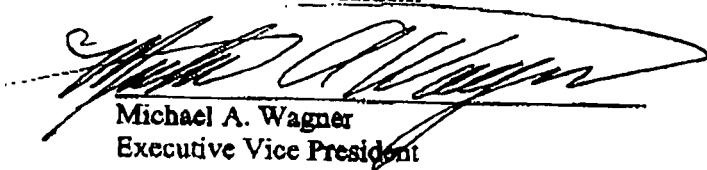
ADMINISTRATORS OF THE PLAN:


Bruce R. Grindrod, Jr.
President


Peter B. McMillan
President


Lenora Booth
Executive Vice President


Gerald F. Doherty
Executive Vice President
Jeffrey A. Jacobson
Executive Vice President

Daniel P. Rexford
Executive Vice President
Michael A. Wagner
Executive Vice President

William F. Walker
Executive Vice President

**ERICKSON RETIREMENT COMMUNITIES, LLC
AMENDED AND RESTATED GROWTH PARTICIPATION PLAN**

EXHIBIT B

VALUATION METHOD

Annually, the Administrators will recommend to the Board a New Participation Unit Value based on three indicators of performance:

- Group or Erickson's performance against goals for the current year;
- The increase, if any, in the appraised value of Erickson; and
- The available cash from Operations (cash from Management, Development and Construction fees less cash used for overhead).

The Plan targets successful performance to be reflected by an increase annually of \$100 per New Participation Unit. The Administrators will assess if Erickson's overall performance has met, will not meet, or exceeded this target based on at least the three performance indicators set out above. The New Participation Units granted in 2006 are deemed to have increased in value \$100 per New Participation Unit.



Dear Linda G Cronin:

As you are now aware, big changes are ahead for the Growth Participation Plan (GPP). As we prepare for the new vision of the Plan, we prepare for the payout of the existing unit grant values.

With the establishment of the new unit value of \$1201.74, your total unit grant(s) is now worth \$15000. As announced, we will begin to pay out your unit grant in the existing plan over a four year period starting on May 18. The initial installment on your payout is \$3750. The remaining unit grant will earn interest at a rate of 9% until the final installment, scheduled to be paid in 2009.

As a non-vested employee, the first installment will be deposited in the deferred compensation account through PenCal. We will forward additional information about investment options available through PenCal, as well as procedures for opening an account if you have not already done so. Remember, only continuous fulltime service counts towards vesting in the GPP. Therefore, the date to use for vesting purposes may be different than your original hire date. The date to use for vesting purposes for your service is 10/4/2004

If you have any questions about your vesting date or the value of your unit grant, please contact your Human Resources department.

All funds paid out of the GPP are paid as ordinary earnings and will be taxed accordingly. We will be providing financial planning resources to help you plan how to invest the proceeds of the GPP. We will forward additional information in the coming weeks. Please remember that you have an hour of time with a financial advisor available through the Employee Help Line. Just call 1-888-300-0431 to arrange an appointment.

If you have any other questions regarding the GPP, please contact your Human Resources Department.

Sincerely,

The Plan Administrators

**Erickson Retirement Communities, L.L.C.
Growth Participation Plan
Certificate For**

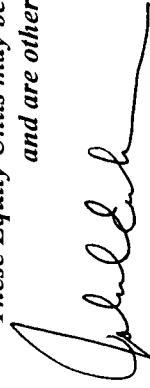
100 UNITS at the strike price of \$1051.74

**In The Growth Participation Plan Of
Erickson Retirement Communities Holdings, L.L.C.
Granted To**

Linda B Cronin

This certificate represents your right to the amount of Equity Units indicated above under the Erickson Retirement Communities Holdings, L.L.C. Growth Participation Plan (the Plan). The designated holder of these Equity Units is entitled to all the rights, opportunities, values, and benefits of future financial growth of the Company as specified in the Plan.

These Equity Units are granted in consideration of the holder's future contributions to corporate strategies and the holder's productive delivery of services that form the foundation of the Company's growth. These Equity Units may be transferred and redeemed only in accordance with the Plan and are otherwise fully subject to the provisions of the Plan.



**John C. Erickson
Chairman**

Date: 12/31/2004



June 22, 2005

Dear Growth Participation Plan Participant:

We are pleased to inform you that you are now a participant in the Erickson Growth Participation Plan. You became eligible for the Plan by virtue of your hire or promotion into an eligible position in 2004, and have now passed the threshold into the Plan. You are now participating in values of the units above the base 12/31/04 value of \$1051.74. Your participation will be for the appreciation of unit values above \$1051.74.

Your certificate identifying the units issued is enclosed, as well as a Plan Document. The Plan Document provides a detailed explanation of the rules and regulations of the Plan.

Please contact your Human Resources department with any questions you may have.

Sincerely,

The Plan Administrators

**SENIOR CAMPUS LIVING HOLDINGS, L.L.C.
GROWTH PARTICIPATION PLAN**

ARTICLE I

Purpose

1.1 Purpose. Senior Campus Living Holdings, L.L.C. (the "Company") hereby establishes the Senior Campus Living Holdings, L.L.C. Growth Participation Plan (the "Plan"). The purpose of the Plan is to promote the long-term growth and profitability of the Company by offering long-term performance-based incentive compensation to key executives of the Company and its Affiliates who are largely responsible for the continued financial success of the Company. Such performance-based incentive compensation shall be based upon the award of equity participation units ("Equity Units"), the value of which is related to the appreciation in the value of the Company's member interest in Senior Campus Living, L.L.C. ("SCL") as determined under the Plan.

ARTICLE II

Definitions

2.1 Definitions. Under this Plan, except where the context otherwise indicates, the following definitions apply:

(a) "*Account*" means a bookkeeping reserve account established and maintained for each Participant to which the Fair Value of each Participant's Equity Units is credited and such subaccounts as the Administrator may find desirable for the administration of the Plan.

(b) "*Administrator*" means the employees of the Company holding the positions of Executive Vice President of Development, Executive Vice President of Operations, Executive Vice President of Finance, and Executive Vice President of National Marketing which shall be responsible for the general administration of the Plan.

(c) "*Affiliate*" means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, the Company (including, but not limited to, joint ventures, limited liability companies, and partnerships). For this purpose, "control" shall mean ownership of 50% or more of the total combined voting power or value of all classes of stock or interests of the entity or other common contractual relationship.

(d) "*Board*" means the Board of Directors of the Company.

(e) "*Cause*" means that any of the following has actually occurred: (i) the Participant engaging in any acts or omissions with respect to the Company's or an Affiliate's business and affairs involving material dishonesty or acts or omissions with respect to the Company's or an Affiliate's business and affairs that demonstrate a material lack of integrity; (ii) the conviction of the Participant of a felony; (iii) the Participant engaging in grossly negligent acts or omissions or willful misconduct with respect to the Company's or an Affiliate's business; (iv) Participant's continuing willful or intentional failure to carry out written instructions of the Board which are within the scope of Participant's duties hereunder and which failure continues for more than ten (10) days after the Board serves Participant written notice of the same; or (v) any other material breach of any Employment Agreement entered into between the Participant and the Company or an Affiliate by the Participant which is not cured, or for which a cure is not commenced if an immediate cure is not practicable, within ten (10) days after the Company gives the Participant written notice of the same.

(f) "*Certificate*" shall mean a written document memorializing the terms and conditions of a grant of Equity Units pursuant to the Plan which shall be subject to the terms of the Plan. Except as may otherwise be specifically provided in any original certificates granted in 1998, any inconsistency between the Plan terms and Certificate terms will be controlled by the Plan terms.

(g) "*Change of Control*" means the consummation of:

(i) a merger, consolidation, share exchange, combination, reorganization, sale of equity securities, or like transaction (but not a testamentary disposition or lifetime gift) involving the Company or SCL in which the members of the Company or SCL, as applicable, immediately prior to such transaction do not own directly or indirectly at least fifty percent (50%) of the value or voting power of the issued and outstanding member interests of the Company or SCL, as applicable, or its successor immediately after such transaction;

(ii) the sale or transfer (other than as security for the Company's or SCL's obligations or by way of testamentary disposition or lifetime gift) of more than fifty percent (50%) of the assets or value or voting power of the issued and outstanding equity securities of the Company or SCL, as applicable, in any transaction, a series of related transactions, or a series of

transactions occurring within a one-year period in which the Company or SCL, as applicable, any corporation controlled by the Company or SCL, as applicable, or the members of the Company or SCL, as applicable, immediately prior to the transaction do not own at least fifty percent (50%) of the value or voting power of the issued and outstanding equity securities of the acquiror immediately after the transaction; or

(iii) any substantially complete liquidation or dissolution of the Company or distribution of the Company's assets.

(h) "*Equity Unit*" means a growth participation unit under the Plan.

(i) "*Fair Value*" of an Equity Unit means an amount determined as of a given Valuation Date equal to:

(1) Except for a Change of Control, the pro-rata value per Equity Unit based on the Valuation Method under Appendix I in excess of the pro-rata value of the Equity Unit based on the Valuation Method under Appendix I as of the original Valuation Date for the grant of such Equity Unit.

(2) Upon a Change in Control, the amount determined under Section 2.1(i)(1) above except that the value of the Company, for the pro-rata value under (i)(1), shall be based upon the value of the Company from the Change in Control transaction in lieu of the Valuation Method within Appendix I, taking into account outstanding Equity Units.

Except as otherwise provided herein, Fair Value shall be determined as of each Valuation Date, and in the case of a Valuation Date that is the last day of the fiscal year, as soon as practicable after the Company's audited financial statements have been prepared for such fiscal year, but in no event later than June 30 of the succeeding fiscal year. To the extent that a significant and material event affects the financial status or value of SCL negatively, as determined in the sole discretion of the Administrator, the Fair Value of each outstanding Equity Unit shall be immediately recalculated to reflect such event and such recalculated amounts shall be applied for all purposes of the Plan.

The pro-rata value as of the original Valuation Date of each Equity Unit granted in 1998 is deemed to be -0- per unit.

(j) *"Participant"* means an individual who is eligible to participate in the Plan and who has been granted an Equity Unit pursuant to the provisions of the Plan. The current list of Participants is attached hereto.

(k) *"Plan"* means the Senior Campus Living Holdings, L.L.C. Growth Participation Plan as set forth herein and as amended from time to time.

(l) *"Put Period"* means the period or periods designated by the Administrator during each fiscal year during which Equity Units may be exercised.

(m) *"Valuation Date"* means the last day of each fiscal year of Holdings, or such other date specified by the Administrator solely with respect to a Change of Control transaction or pursuant to Section 2(1)(i). The original Valuation Date for purposes of Section 2.1(i) shall be the Valuation Date immediately preceding the date of grant of the Equity Unit.

ARTICLE III Administration

3.1 **Administration.** A majority vote of the members of the Administrator shall be required for all of its actions with respect to the Plan.

3.2 **Powers of the Administrator.** The Administrator shall have the authority, in its sole discretion and from time to time, consistent with the provisions of the Plan, to (i) select persons or classes of persons to participate in the Plan, (ii) grant awards of Equity Units under the Plan, subject to section 4.1, in such form and amount as the Administrator shall determine and impose such terms, limitations, restrictions and conditions upon any such award as the Administrator shall deem appropriate, provided the same are reflected in the Certificate issued to the Participant, (iii) modify, extend or terminate outstanding Equity Units at any time with the consent of the holder (except that the Administrator may make such modifications or terminations pursuant to Section 8.5 without the consent of the holder), (iv) administer the Plan, and (v) adopt, amend, or rescind such rules and regulations for carrying out the Plan consistent with the provisions set forth herein. Any determination of the Administrator hereunder shall be conclusive and binding on all Participants.

3.3 **Non-Uniform Determinations.** The Administrator's determinations under the Plan need not be uniform and may be made by the Administrator selectively among persons who

receive, or are eligible to receive, Equity Units under the Plan, whether or not such persons are similarly situated.

3.4 Limited Liability. Neither SCL nor Holdings, nor any member of the Administrator or Board shall be liable to any Participant for any action taken or decision made in good faith relating to the Plan or any Equity Unit granted thereunder.

3.5 Indemnification. The members of the Administrator and the Board shall be indemnified by the Company in respect of all their activities under the Plan, to the maximum extent permitted by law and by the Company's charter and by-laws.

ARTICLE IV Equity Units Available

4.1 Equity Units Available for Award Under the Plan. The maximum number of Equity Units that may be awarded under the Plan during calendar year 1998 shall be 100,000 Equity Units. The maximum number of Equity Units available to be authorized to be granted for award under the Plan in each successive calendar year shall be equal to (i) the immediately preceding calendar year's maximum award limit increased by 15%, less (ii) the total number of outstanding Equity Units. Any of these new authorized Equity Units not granted in the year available may be accumulated and granted in subsequent years. Notwithstanding the foregoing, if any Equity Units awarded under the Plan shall be forfeited, surrendered, exercised, or otherwise terminated, such Equity Units may again be awarded under the Plan.

4.2 Limitation on the increase of Units Available. The annual increase in units available is limited as follows:

(a) An increase and distribution of units by the Administrator cannot be arbitrarily and capriciously pursued to materially affect an individual Participant or group of Participants by diluting a Participant's position for the benefit of other Plan Participants.

(b) The annual increase of units may not reduce the pro-rata value per Equity Unit from the previous year pro-rata value per Equity Unit solely due to dilution.

4.3 Grants to Administrators. Any grant of Equity Units to a Participant who is also an Administrator must be approved by unanimous consent of all the employees identified under Section 2.1(b) as the Administrator.

ARTICLE V

Participation

5.1 Participation. Participation in the Plan shall be open to all management employees of the Company and its Affiliates, as may be selected by the Administrator in its sole discretion from time to time.

ARTICLE VI Equity Units

6.1 Grant of Equity Units. The Administrator from time to time may grant Equity Units to eligible Participants in its sole discretion using such criteria as the Administrator deems appropriate.

6.2 Provisions of Equity Unit Certificates. Each grant of Equity Unit shall be evidenced by a Certificate. The Equity Units granted shall be subject to the following terms and conditions:

(a) **Vesting.** Equity Units shall first become vested and exercisable upon the earliest to occur of (i) the fifth anniversary of the Participant's date of hire by the Company or an Affiliate (whether before or after the effective date of the Plan) provided that the Participant has been continuously in the employ of the Company or an Affiliate through such fifth anniversary, and (ii) the Participant's termination of employment (other than for Cause) by the Company, SCL or an Affiliate within 180 days following a Change of Control. All other terminations of employment of a Participant by the Company, SCL or an Affiliate prior to vesting under this Section, will result in all Equity Units being terminated and forfeited as well as forfeiting any and all unvested distributions. The Administrator, in its sole discretion, may accelerate vesting in whole or in part with respect to any Equity Unit at any time. Distributions pursuant to Section 7.1 shall be subject to the same vesting requirements as set forth in this Section 6.2(a) and unvested Participants will be provided reasonable investment options for such unvested distributions consistent with other Company plans, among which any unvested distributions will accumulate until vesting occurs. Accumulated unvested distributions pursuant to Section 7.1 shall be paid over, subject to applicable tax withholding requirements, as soon as practicable after the Participant becomes vested in the Equity Units to which such distributions are attributable.

(b) **Exercisability.** Equity Units may be exercised at any time during a designated Put Period, in whole or in part, once vested and prior to their termination. Exercise shall be made by (i) delivery of written notice to the Administrator (Attention: Corporate Secretary of the Company) identifying the Equity Units to which such exercise

notice relates and specifying the number of Equity Units being exercised thereby and (ii) surrender of the applicable Certificate for cancellation upon exercise. Annually, the Administrator shall designate a Put Period of at least 14 days' duration, within 30 days after the Company's audited financial statements have been finalized for the preceding fiscal year, during which vested Equity Units may be exercised at the Fair Value per Equity Unit established as of the most recent Valuation Date at the date of exercise. In addition, the Administrator shall designate a Put Period of at least 14 days' duration beginning upon the occurrence of a Change of Control during which vested Equity Units may be exercised. Notwithstanding the foregoing, in the event that any Equity Unit is exercised after the Participant is no longer employed by the Company or any Affiliate, regardless of the reason for such termination of employment, the Equity Unit shall be exercised at the Fair Value per Equity Unit for the Put Period immediately preceding or immediately following the Participant's termination of employment, whichever is lower.

(c) **Termination.** Equity Units terminate upon exercise with respect to the number of Equity Units so exercised. If not sooner terminated, Equity Units shall terminate in their entirety, regardless of whether the Equity Units are vested in whole or in part, upon the expiration of the Put Period next following a Participant's termination of employment with the Company and its Affiliates for any reason or, if applicable, the Put Period coincident with such termination of employment, unless determined otherwise by the Administrator with the consent of the Participant. Notwithstanding the foregoing, unless determined otherwise by the Administrator, all outstanding Equity Units held by a Participant shall (i) terminate in their entirety and be forfeited, regardless of whether the Equity Units are vested in whole or in part, upon the Participant's termination of employment for Cause and (ii) to the extent unvested, terminate and be forfeited upon the Participant's voluntary termination or termination by the Company, SCL, or Affiliate. The Administrator will provide reasonable notice to the Participant (or the Participant's estate) prior to any termination of Equity Units, except in the event of a termination of the Participant's employment for Cause.

(d) **Settlement.** Except as otherwise provided in the Certificate applicable to the Participant, the Administrator shall determine, in its sole discretion, to pay the Fair Value per Equity Unit due the holder of an Equity Unit upon exercise (i) in cash in a lump sum, (ii) in up to five consecutive annual cash installments, commencing thirty (30) days from the date of exercise of the Equity Unit, with interest credited at an interest rate equal to the mid-term "applicable federal rate," as defined in Section 1274(d) of the Internal Revenue Code, as of the date of exercise, or (iii) by a combination of the foregoing. Payment pursuant to the preceding sentence may be delayed by the Company with regard to a Participant who has terminated employment and subsequently exercises his Equity Units until the Fair Value per Unit is established for the Put Period following the Participant's termination of employment. The Participant, in accordance with rules

established by the Administrator from time to time, may elect to receive in the form of installments, as described in subclause (ii) above, amounts otherwise receivable in cash or to defer such amounts into the Senior Campus Living, L.L.C. Deferred Compensation Plan, to the extent such Plan allows, or any successor plan or other deferred compensation plan of the Company or SCL approved by the Administrator, to be distributed in accordance with the provisions of such plan.

(e) **Annual Limit.** During each Put Period, if a Participant is an employee at the time of exercise, in addition to the limitations on exercise set forth in Section 6.2(b), such Participant may only exercise up to 10% of the aggregate Equity Units granted to such Participant. This 10% limitation on exercise does not apply to the extent a Participant exercises Equity Units pursuant to a Change in Control other than an initial public offering constituting a Change in Control.

(f) **Subordination.** Notwithstanding anything herein to the contrary, no payment shall be made under the Plan that would cause the Company, SCL or any Affiliate to violate any banking agreement or loan or other financial covenant or cause default of any senior indebtedness of the Company, SCL or any Affiliate, regardless of when such agreement, covenant or indebtedness was created, incurred or assumed. Any payment under the Plan that would cause such violation or default shall be deferred until, in the sole discretion of the Administrator such payment shall no longer cause any such violation or default. Any payment deferred in consequence of the provisions of the preceding sentence shall bear simple interest from the date such payment would otherwise have been made to the date when such payment is actually made, at a rate which is equal to the prime rate of interest being generally charged by any of its existing banks from time-to-time during the period of such deferral, but in no event shall such rate of interest exceed 10 percent per annum. The Company shall pay interest at the same time as it makes the payment to which such interest relates.

6.3 Voting and Dividend Rights. Except as otherwise provided herein, the grant of an Equity Unit shall not be deemed to confer upon the Participant any voting, dividend, distribution, liquidation or other rights and privileges with respect to the member interests of the Company or of SCL.

6.4 Other Terms and Conditions. Equity Units may be subject to such other terms and conditions as set forth in the Certificate, not inconsistent with the provisions of the Plan, as the Administrator shall determine appropriate from time to time.

ARTICLE VII

Distributions

7.1 Distributions. The Administrator may distribute up to 10% of the increase in the Fair Value of the Equity allocable to the Plan, (as defined in Appendix I) for such year. Any such distributions shall be subject to applicable withholding taxes at the time of payment to Participants. Any distributions for Participants with unvested Equity Units will be accounted for pursuant to Section 6.2(a).

ARTICLE VIII

Miscellaneous

8.1 Withholding of Taxes. The Company or its Affiliate, to the extent permitted or required by law, shall have the right to deduct from any payment otherwise due to a Participant any taxes of any kind required by law to be withheld with respect to any Equity Unit exercise, distribution or payment under the Plan. The Company may require, as a condition to any payment due with respect to any Equity Unit, that the Participant pay to the Company or its Affiliate, in cash, any such taxes of any kind so required by law to be withheld.

8.2 Nontransferability. Equity Units granted under the Plan, and any rights, privileges and benefits pertaining thereto, may not be transferred, assigned, alienated, pledged or hypothecated in any manner, by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt to so transfer, assign or encumber Equity Units shall be null and void.

8.3 Capital or Structure. Upon any change in the outstanding equity of the Company through merger, consolidation, reorganization, recapitalization, dividend, split, reverse split, split-up, split-off, spin-off, combination of interests, exchange, or other like change, regardless of whether or not such change involves a Change of Control, the Administrator shall be entitled to make any such adjustment to each outstanding Equity Unit that it, in its sole discretion, deems appropriate. In addition, in the event of any such change, the Administrator shall make any further adjustment as may be appropriate to the maximum number of Equity Units as shall be equitable to prevent dilution or enlargement of rights under such Equity Units, and the determination of the Administrator as to these matters shall be conclusive.

8.4 The Company's Rights. The existence of this Plan and any Equity Units granted hereunder shall not affect in any way the right or power of the Company or SCL to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's or SCL's capital structure or its business, or any merger or consolidation of the Company or SCL, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the equity interests in the Company or SCL or

the rights thereof, or the dissolution or liquidation of the Company or SCL, or any sale or transfer of all or any part of the Company's or SCL's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

8.5 Termination and Modification of the Plan and Equity Units. The Plan shall continue in effect indefinitely until otherwise terminated as set forth herein. The Administrator may terminate the Plan, in whole or in part at any time. Upon termination of the Plan, all Equity Units outstanding shall become fully vested. Notwithstanding the foregoing, the Board reserves the right to convert the Plan and/or the Equity Units and interests of some or all of the Participants thereunder, without the consent of Equity Unit holders, to a plan of the Company or of any Affiliate, including an equity ownership plan under which non-voting membership interests of a limited liability company that is an Affiliate of the Company are granted to participants having such terms and conditions as may be determined in the Board's sole discretion, provided that such conversion of this Plan and/or some or all of the Equity Units and interests of the Participants into any such plan does not cause a substantial economic impairment to holders of outstanding Equity Units as determined in the sole discretion of the Board. Conversion of the Plan or Equity Units in accordance with the immediately preceding sentence shall not result in the immediate vesting of outstanding unvested Equity Units unless the Board determines otherwise. The Plan conversion right described in this Section 8.5 shall expire on the first anniversary of the date this Plan is adopted by the Board.

Upon termination of the Plan, the Administrator, in its sole discretion, may (i) cause outstanding Equity Units, in whole or in part, to be automatically exercised as of one or more Put Periods designated by the Administrator without consent of the holders; and/or (ii) specify a date certain upon which all outstanding Equity Units terminate without payment unless exercised in the holders' discretion during one or more Put Periods designated by the Administrator, and/or (iii) continue to administer the Plan in accordance with its terms indefinitely with respect to some or all of the outstanding Equity Units. Unless the Administrator determines otherwise, the Fair Value of any Equity Unit exercised after termination of the Plan shall be the Fair Value determined as of the Valuation Date immediately preceding the date of Plan termination or, if lower, the Fair Value determined, in accordance with the provisions of Section 6.2(b) hereof, for the Put Period during which exercise occurs.

8.6 Nature of Plan. The Plan is an unfunded plan that is not intended to be (i) subject to Parts 2, 3, or 4 of Title I, Subtitle B of the Employee Retirement Income Security Act of 1974, or (ii) qualified under Section 401(a) of the Internal Revenue Code of 1986. The obligation to make payments in settlement of Equity Units upon exercise rests solely with the Company and shall not be construed as an obligation or liability of any Affiliate for which the Participant performs services. The obligation of the Company to make payments with respect to Equity Units granted pursuant to the Plan shall be interpreted solely as an unfunded contractual obligation to make such payments in the manner and under the conditions prescribed under the

Plan. No Participant or other person shall have any interest in any particular assets of the Company or an Affiliate by reason of the right to receive a payment under the Plan, and any such Participant or other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Plan. Any assets set aside by the Company, including any assets transferred to a rabbi trust or purchased by the Company with respect to amounts payable under the Plan, shall be subject to the claims of the Company's general creditors, and no person other than the Company shall, by virtue of the provisions of the Plan, have any interest in such assets. Neither the Plan nor any Equity Unit shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person.

8.7 Reliance on Reports. Each member of the Board and each member of the Administrator shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company and upon any other information furnished in connection with this Plan. In no event shall any person who is or shall have been a member of the Board or the Administrator be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information, or for any action taken, including the furnishing of information, or failure to act, if in good faith.

8.8 Arbitration. Any dispute between the Company and a Participant relating to Equity Units shall be resolved by binding arbitration which shall be administered by the American Arbitration Association in accordance with the rules and procedures established by the American Arbitration Association.

8.9 Relation to Other Benefits. No payment under this Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, deferred compensation or group insurance plan of the Company or an Affiliate unless the Plan so provides.

8.10 Non-Guarantee of Employment. Nothing in the Plan or a Certificate shall confer any right on an employee to continue in the employ of the Company or an Affiliate at any particular position or rate of pay or for any particular period of time, or shall interfere in any way with the right of the Company or an Affiliate to terminate an employee at any time with or without notice or cause.

8.11 Amendment. The Administrator may, in its sole and absolute discretion from time to time, amend the Plan, provided that no amendment shall be made without the approval of

the Board that will (i) increase the total number of Equity Units reserved under the Plan (other than an increase resulting from an adjustment provided for in Section 8.3), (ii) modify the provisions of the Plan relating to eligibility, or (iii) materially increase the benefits accruing to Participants under the Plan. The Administrator shall be authorized to amend the Plan (including the form of any exhibit thereto) and the Equity Units granted thereunder, provided that the rights and obligations under any Equity Units granted before amendment of the Plan or any unexercised portion of such Equity Units shall not be materially and adversely affected by amendment of the Plan or such Equity Units (as determined in the sole and absolute discretion of the Administrator) without the consent of the holder of such Unit.

8.12 Titles and Headings. The titles and headings set forth in this Plan are for convenience of reference only, and in the event of any conflict, the text of this Plan, rather than such titles or headings, shall control.

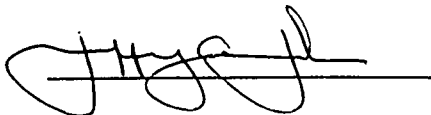
8.13 Governing Law. The validity, construction and effect of the Plan and of any rules, regulations, determinations or decisions made by the Administrator or Board relating to the Plan, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance and the laws of the State of Maryland, without regard to its conflict of laws principles, except to the extent that federal laws apply.

8.14 Effective Date. The Plan is effective as of September 1, 1998.

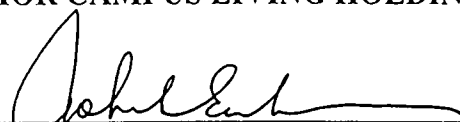
IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officer and its seal affixed hereto, effective as of the Effective Date.

ATTEST:

SENIOR CAMPUS LIVING HOLDINGS, L.L.C.



By:



Title:

CEO and President

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APPENDIX I

SENIOR CAMPUS LIVING, L.L.C. GROWTH PARTICIPATION PLAN

The Senior Campus Living, L.L.C. Growth Participation Plan is defined as the aggregate discounted present value of:

1. Consolidated SCL L.L.C. audited unrestricted cash and marketable securities,
2. Pre-development costs of future unsettled projects,
3. Projects in process,
4. Existing community management fee contracts,
5. Actual unallocated SCL corporate departmental expenses and unreimbursed departmental indirect allocations.

1. Consolidated SCL L.L.C. audited unrestricted cash balance - equals cash and marketable securities used to satisfy external financial covenants less cash earmarked for management profit sharing or specific projects cash.

2. Pre-development costs of future unsettled projects - based on value as shown in yearly audited financial statements.

3. Projects in process - When successful, projects are valued at 100% of equity investment plus the present value of pro-forma cash flows discounted at prime plus 2% recognized at the graduated rates shown below. Project success is defined as the most current pro-forma Marketing absorption rates and Construction/Development pro-forma costs and time pro-forma commitments. Unsuccessful projects are valued at the lessor of: equity investment less 25% write-off or SCL funded loss until actual cash is received.

a. Project valuation periods:

- Period 1 - Settlement through first building opening,
- Period 2 - First building opening through next 12 months,
- Period 3 - The next twelve months period,
- Period 4 - The next twelve months period,
- Period 5 - The next twelve months and forward until reversion.

b. Project valuation rates:

- Period 1 - Actual cost or equity contributed to the project - projected to be \$5,000,000 per project,
- Period 2 - 25% of pro-forma cash flows present valued at prime plus 2%,
- Period 3 - 50% of pro-forma cash flows present valued at prime plus 2%,
- Period 4 - 75% of pro-forma cash flows present valued at prime plus 2%,
- Period 5 and each year thereafter,
100% of pro-forma cash flows present valued at prime plus 2%,
Net rent and reversion

c. Pro-forma cash flows include: Pro-forma construction fees(net),
Pro-forma development fees,
Pro-forma project margin which includes W/C loan repayment and net rent,

d. Reversion is included upon construction completion, at actual lease FMV less outstanding mortgages at valuation date.

4. Existing community management contracts - Percent of present value of future cash flows based on 10 year contract term.
Resident monthly fees inflation assumption is 3% per year.
PV rate to be determined - prime plus 2%

Contract Terms:	Charlestown	10 year term
	Oak Crest Village	10 year term
	Henry Ford Village	10 year term
	New Communities	10 year term

5. Actual unallocated SCL corporate departmental expenses and unreimbursed departmental indirect allocations.

Corporate overhead is capitalized at the same % used for present valuing income.
Unreimbursed expenses equal gross departmental expenses less community reimbursements and capitalized departmental costs charged to pre-development projects, excluding staff appreciation payments or distributions under the Plan.

6. Assumptions - Value for corporate office building and other assets and liabilities will be reviewed annually, and if incorporated in this plan, such value will be based on the yearly audited financial statement value.

7. Valuation Summary:

Once the Company is valued, the first \$100,000,000 represents JCE's position as of 1/1/98. This increases @ 9% per year, or shorter period, less any specific distributions identified as payments against such amounts. As amounts in excess of JCE's position are accrued they flow to the Plan participants as follows:

- a. 50% to all plan participants until JCE's personal guarantees are removed,
- b. 60% to all plan participants upon JCE's discretion.

8. Any redemption or distribution to the Growth Participation Plan unit holders will only reduce the value allocable to the Growth Participation Plan. Accordingly, when the value of the Company is computed, all cumulative cash paid out as distributions and redemptions will be added to the total value. This revised value will be compared to the JCE accrued position. To the extent the revised value exceeds the accrued position, such amount is allocated 50%/50% (or otherwise at JCE's discretion). The allocated amount to the Growth Participation Plan is then reduced by the cumulative cash paid out as distributions and redemptions. This amount is the Fair Value of the Equity allocable to the Plan.

Senior Campus Living Holdings, L.L.C., Growth Participation Plan

1999 Amendments:

ARTICLE 6.2(a); 6.2(c) – The definition of vesting is amended to clarify that five (5) years of employment is five (5) years of full-time employment and that full-time employment is required to remain a participant with units.

6.2(a) (i) the fifth anniversary of the Participant's date of hire by the Company or an Affiliate (whether before or after the effective date of the Plan) provided that the Participant has been continuously in the employ ON A FULL-TIME BASIS of the Company or an affiliate through such fifth anniversary,"

6.2(c) If not sooner terminated, Equity Units shall terminate in their entirety, regardless of whether the Equity Units are vested in whole or in part, upon the expiration of the Put Period next following a Participant's termination of employment OR EMPLOYMENT OTHER THAN ON A FULL-TIME BASIS with the Company and its Affiliate for any reason or, if applicable, the Put Period coincident with such termination OR CHANGE IN STATUS FROM A FULL-TIME BASIS of employment, unless determined otherwise by the Administrator with the consent of the Participant.

GPP AMENDMENT LANGUAGE

- Put Amendment – Section 6.2(e) is amended to reflect additional put rights and requirements for employees over 50 years old or with 20 years of service with the Company (continuous or otherwise).

(e) Annual Limit. During each Put Period, if a Participant is an employee at the time of exercise, in addition to the limitations on exercise set forth in Section 6.2(b), such Participant may only exercise up to 10% of the aggregate Equity Units granted to such Participant. To the extent the Participant is over 50 years old or has been employed with the Company for twenty (20) years [whether consecutive or not], such annual limit is increased to 33 1/3%. Such participant is also required a minimum put of no less than 5%. This 10% and 33 1/3% limitation on exercise does not apply to the extent a Participant Exercises Equity Units pursuant to a Change in Control other than an initial public offering constituting a Change in Control. In determining the minimum put of 5%; only units directly owned are considered.

- Taxes – The Valuation Formula is amended to reflect that income tax, federal, state and/or local, due and payable by Common A Members due to the flow through of income from the Company or due to the sale of assets to accomplish a reversion or such similar transactions shall be accounted as a reduction to CASH in the Valuation Formula not a reduction to the Preferred position when paid. The amount distributed will be for the tax computed solely on the basis of the effective tax due by the non-Common B Members from the Company activity. This will be determined by computing taxes on all Company income or loss allocable to non-Common B Members. The effective rate is based on the location of the Company, currently Maryland, and the appropriate federal tax; factoring the State tax effect. To the extent the Company has losses that offset the taxable income of the non-Common B Member from other sources, such amount will be accumulated and reduce any distribution in years where the Company, pursuant to this provision, would be required to make a distribution. Annually, this computation will be completed and agreed to by the Company and the Common A Member incorporating changes in tax law or prior year tax computations due to changes agreed to with governmental authorities.

As of December 31, 2000; the effective rate is 25.6% (7% State and 20% Federal); the cumulative tax balance is <733,752>.

- Redemption/Distribution – Treatment of units outstanding. As of December 31, 2000; all redemptions and distributions will be computed as follows in determining the value associated to Plan Units:

As of December 31, 2000; the PLAN Value was 50% of the Net Value of the Company which is defined as the Gross Value less JCE Preferred. As of the December 31, 2001 PLAN Value computation and thereafter, the allocable percent of

the Net Value to the PLAN will be computed by the relevant percentage value associated to the Company and the PLAN after annual redemptions and distributions paid in cash for such prior year. No add back/direct subtraction will be necessary to account for distributions and redemptions.

Based on this methodology, the Net Value was \$86.9 million as of December 31, 2000. Cash distributions and redemptions paid after the Valuation were \$3.5 million. Accordingly, the relevant percentages for December 31, 2001 are as follows:

Net Company Value	12/31/00	\$86.9M
50% - PLAN		\$43.45M
50% - COMPANY		<u>\$43.45M</u>
	TOTAL	<u>\$86.9M</u>

Based on revised methodology, the relevant percentage for December 31, 2001 are:

	<u>Company</u>	<u>Plan</u>	<u>Total</u>
STARTING Value	\$43.45M	\$43.45M	
CASH Distribution/ Redemption	<u>Ø</u>	<u>3.5M</u>	
	<u>\$43.45M</u>	<u>\$39.95M</u>	<u>\$83.40</u>
Percentage for Allocation for December 2001	<u>52.1%</u>	<u>47.9%</u>	<u>100%</u>

Such computation will be computed each year.

AMENDMENT
TO
GROWTH PARTICIPATION PLAN

This AMENDMENT TO GROWTH PARTICIPATION PLAN (this "Amendment") is made this 21st day of June, 2003, by the "Administrator" of the Growth Participation Plan set forth in that certain document entitled "Senior Campus Living Holdings, L.L.C. Growth Participation Plan" effective as of September 1, 1998 (together with all amendments thereto, the "Plan Document").

RECITALS

A. Senior Campus Living Holdings, L.L.C. established the Senior Campus Living Holdings, L.L.C. Growth Participation Plan (the "Plan") pursuant to the Plan Document for the purpose of promoting the long term growth and profitability of the company.

B. The Plan was based on the award of equity participation units, the value of which are related to the appreciation of the value of the Senior Campus Living Holdings, L.L.C.'s member interests in the entity then known as Senior Campus Living, L.L.C.

C. Subsequent to the date of the Plan Document, Senior Campus Living Holdings, L.L.C. changed its name to Erickson Group, LLC.

D. Subsequent to the date of the Plan Document, Senior Campus Living, L.L.C. changed its name to Erickson Retirement Communities, LLC.

NOW, THEREFORE, in consideration of the premises and other good valuable consideration, the sufficiency of which is hereby acknowledged, the Administrator hereby declares as follows:

1. All references in the Plan Document to Senior Campus Living Holdings, L.L.C. or the Company, shall mean and refer to Erickson Group, LLC.

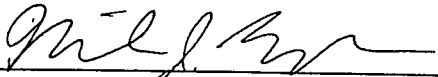
2. All references in the Plan Document to Senior Campus Living, L.L.C. or SCL, shall mean or refer to Erickson Retirement Communities, LLC.

In all other respects, the Plan Document is hereby ratified and confirmed as amended hereby.

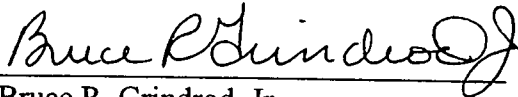
IN WITNESS WHEREOF, the Administrator has caused this Amendment to be executed and delivered by their duly authorized representatives as of the date first written above.

WITNESSES:

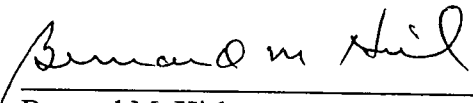
ADMINISTRATOR



Michael J. Erickson



Bruce R. Grindrod, Jr.



Bernard M. Hirl